

PUBLIC EMPLOYEE RETIREMENT COMMISSION**ACTUARIAL NOTE TRANSMITTAL**

Bill ID: Senate Bill Number 106, Printer's Number 144

System: State Employees' Retirement System

Subject: Expansion of Special Public Safety Employee Benefit Coverage to Certain Employees of the Pennsylvania Game Commission

SYNOPSIS

Senate Bill Number 106, Printer's Number 144, would amend the State Employees' Retirement Code to expand the definition of enforcement officer to include full-time Pennsylvania Game Commission Officers and other employees who are graduates of the Game Commission's Ross Leffler School of Conservation and serve or previously served as wildlife conservation officers empowered to enforce or investigate alleged violations of the Pennsylvania Crimes Code and the Game and Wildlife Code. Deputy game commission officers are excluded from eligibility for the enhanced retirement benefits.

DISCUSSION

The State Employees' Retirement Code (Code) is a governmental, cost-sharing, multiple-employer, contributory, defined benefit pension plan. The designated purpose of the State Employees' Retirement System (SERS) is to provide retirement allowances and other benefits, including disability and death benefits, to employees of the Commonwealth and certain independent agencies. As of December 31, 2002, there were approximately 106 state and independent agencies participating in SERS. Membership in SERS is mandatory for most state employees. Certain other employees are not required but are given the option to participate. As of December 31, 2002, there were 111,059 active members of SERS.

Special retirement coverage for various public safety employees often is provided in public employee retirement systems. The enhanced benefits are premised on the hazardous nature of public safety employment and the physical and psychological demands of public safety work. Under the State Employees' Retirement Code, the special retirement benefit for Commonwealth public safety employees is the eligibility to retire at age 50 with full retirement benefits. Normal retirement for most employees is age 60 or any age with 35 years of service. Because the death benefit for any Commonwealth employee is dependent on the retirement age, the special public safety employees retirement coverage also increases the death benefit.

DISCUSSION (CONT'D)

Under the Code, the employees currently eligible for the special benefit coverage as public safety employees include the following: Liquor Control Board enforcement officers and investigators; Office of Attorney General special agents, narcotics agents, asset forfeiture agents, medicaid fraud agents, and senior investigators of the hazardous prosecutions unit; Pennsylvania Board of Probation and Parole parole agents; Department of Corrections corrections officers; Department of Public Welfare psychiatric security aides; Delaware River Port Authority police officers; Department of General Services capitol police officers; Department of Conservation and Natural Resources park rangers; waterways conservation officers of the Pennsylvania Fish and Boat Commission; and Pennsylvania state police officers. The bill would amend the Code to include certain employees of the Game Commission in the definition of "enforcement officers."

Under the Game and Wildlife Code, Wildlife Conservation Officers (WCOs), also known as Game Commission Officers, are empowered to enforce all laws of the Commonwealth relating to game and wildlife, the Fish and Boat Code, Forestry Laws, and the Pennsylvania Crimes Code. The Game Commission currently employs approximately 200 full-time WCOs. All full-time WCOs are graduates of the Game Commission's Ross Leffler School of Conservation. WCOs are uniformed and receive extensive law enforcement and wildlife management training.

Game Commission personnel records reveal that a number of full-time Game Commission employees who formerly served in the field as WCOs are now employed as managers and administrators. Although these employees are primarily engaged in managerial or administrative work, the Game Commission continues to classify these employees as WCOs. The employees are required to attend Game Commission continuing education programs in order to maintain their WCO certification status and may exercise the same powers as WCOs employed in the field. The language of the bill appears to include these employees in the definition of "enforcement officer," and they would be eligible to receive the special retirement benefit.

The Game Commission also utilizes the services of nearly 700 deputy wildlife conservation officers. Deputy wildlife conservation officers may be appointed with similar enforcement powers, except that they cannot enforce the Crimes Code, and generally are not entitled to compensation for either time or expenses. The language of the bill specifically excludes deputy wildlife conservation officers from being defined as "enforcement officers."

SUMMARY OF ACTUARIAL COST IMPACT

The Commission's consulting actuary estimated the costs of the benefit enhancement contained in the bill based upon demographic and payroll data provided by the Pennsylvania Game Commission. The data indicate that 220 employees would be eligible for the special public safety employee benefit coverage.

The following estimate reflects the actuarial assumptions used in the December 31, 2002, Actuarial Valuation of the State Employees' Retirement System.

	<u>Amount</u>	
	<u>Amount</u>	<u>As a % of Affected Payroll</u>
Increase in Unfunded Actuarial Accrued Liability	\$1,350,000	
Increase in Employer Annual Costs		
Normal Cost	\$300,000	2.8%
Amortization Payment ¹	<u>205,000</u>	<u>1.9%</u>
Total Increase in Employer Annual Costs ²	\$505,000	4.7%

¹ Amortization calculated as level dollar payments over 10 years.

² Amortization payments cease after 10 years.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy considerations:

Appropriateness of Benefit Coverage. () Traditionally, special public safety employee retirement coverage is deemed appropriate for a group of employees if the nature of the duties of the employees is sufficiently hazardous and the need for an exceptionally able and vigorous workforce is sufficiently great. The positions in the Pennsylvania Game Commission proposed to be included under the special benefit coverage are employees who are empowered to enforce or investigate alleged violations of the Game and Wildlife Code. In considering the proposed legislation, the General Assembly must determine whether the special benefit coverage is warranted for this group of employees based on the degree of hazard encountered by these individuals in the performance of their duties and the need for an exceptionally vigorous workforce in this area.

POLICY CONSIDERATIONS (CONT'D)

Definition of Covered Positions () The bill uses the phrase "game commission officers and commissioned law enforcement personnel" to define the employees to be eligible for the special public safety benefits providing full retirement at age 50. This definition is broadly applicable to personnel throughout the Game Commission including high ranking administrative positions because of the potential to retain the technical requirements to be "law enforcement personnel" after terminating service as a Wildlife Conservation Officer.

Member Contributions. () The proposed legislation provides a benefit increase applicable to active SERS members and, therefore, increases the normal cost of these members' benefits to the retirement system. It may be appropriate for a portion of the cost of the benefit increase to be allocated to active members through increased member contributions. However, other SERS members with special public safety employee benefit coverage are not required to contribute at a higher rate than general state employees.

Benefit Parity. () The special public safety benefit coverage (age 50 retirement) has been provided to Waterways Conservation Officers of the Pennsylvania Fish and Boat Commission not substantially different from those performed by the Wildlife Conservation Officers that are to receive the special public safety benefit coverage under the bill.

COMMISSION RECOMMENDATION

The Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

ATTACHMENTS

Actuarial note provided by William A. Reimert and Katherine A. Warren of Milliman USA.

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