



# Senate Finance Committee

168 Main Capitol Building  
Harrisburg, PA 17120-0036  
(717) 787-4420

**Senator Mike Brubaker**  
*Chairman*

Stephanie Buchanan  
*Executive Director*  
sbuchanan@pasen.gov

**April 2, 2014**  
**10 a.m.**  
**Room 8E-A**

## **AGENDA**

**[Senate Bill 1078](#)** (Wiley)

Amends the County Pension Law to clarify that a cost-of-living increase does not need to be calculated retroactively to the last cost-of-living increase

**[Senate Bill 1169](#)** (Folmer)

Amends the definition of “governmental entity” in Title 24 (Education) of the Pennsylvania Consolidated Statutes to remove future Pennsylvania School Boards Association members from public pension eligibility

- Amendment (Eichelberger)



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## BILL SUMMARY

**Legislation:** Senate Bill 1078, P.N. 1707  
**Sponsor:** Senator Wiley  
**Act Amended:** County Pension Law  
**Date:** April 2, 2014

### Synopsis

Amends the County Pension Law to clarify that cost-of-living increases need not be calculated retroactively.

### Bill Summary

Senate Bill 1078 amends Section 30(b) of the County Pension Law to clarify that the cost-of-living increase does not need to be calculated retroactively to the date of the previous cost-of-living increase

Effective date: 60 days

### Current Law

Section 30(b) of the County Pension Law states that the cost-of-living increase shall be reviewed at least once in every three years by the board which may adjust the percentages in accordance with cost-of-living index at the time of review. There is currently no language clarifying if the increase is retroactive or not.

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1078 Session of 2014

INTRODUCED BY WILEY, BLAKE, BRUBAKER, EICHELBERGER, HUGHES,  
WILLIAMS, KASUNIC, FONTANA, TARTAGLIONE, BOSCOLA, ARGALL,  
GORDNER, HUTCHINSON, VANCE, WARD, WHITE, BREWSTER, SCHWANK,  
SMITH, SOLOBAY, STACK, WOZNIAK, YUDICHAK, KITCHEN AND  
GREENLEAF, JANUARY 16, 2014

REFERRED TO FINANCE, JANUARY 16, 2014

AN ACT

1 Amending the act of August 31, 1971 (P.L.398, No.96), entitled  
2 "An act providing for the creation, maintenance and operation  
3 of a county employes' retirement system, and imposing certain  
4 charges on counties and providing penalties," further  
5 providing for supplemental benefits.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Section 30(b) of the act of August 31, 1971  
9 (P.L.398, No.96), known as the County Pension Law, amended July  
10 18, 1986 (P.L.1410, No.126), is amended to read:

11 Section 30. Supplemental Benefits.--\* \* \*

12 (b) The cost-of-living increase shall be reviewed at least  
13 once in every three years by the board which may adjust the  
14 percentages in accordance with cost-of-living index at the time  
15 of review[.], provided that the adjustment need not be  
16 calculated retroactively to the date of the previous cost-of-  
17 living increase approved by the board under this section and  
18 need not apply the cost-of-living index change for each year

1 since such previous cost-of-living increase.

2 Section 2. This act shall take effect in 60 days.

**From:** [Lisa Schaefer](#)  
**To:** [Lisa Schaefer](#)  
**Cc:** [Doug Hill](#); [Brinda Penyak](#); [Adrienne Hodson](#)  
**Subject:** CCAP Supports Senate Bill 1078  
**Date:** Tuesday, April 1, 2014 9:10:16 AM

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**TO:** Members, Senate Finance Committee  
**FROM:** Lisa Schaefer, Director of Government Relations  
**DATE:** April 1, 2014  
**SUBJECT:** **Support Senate Bill 1078**

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On behalf of the County Commissioners Association of Pennsylvania (CCAP), representing all 67 counties in the commonwealth, I write to share our support of Senate Bill 1078, and ask committee members to vote in favor of the legislation at their meeting on Wednesday, April 2. This legislation would amend the County Pension Law (Act 96 of 1971) to correct an issue relative to the calculation of cost of living adjustments for retirees.

Under the law, counties are obligated at least once every three years to examine whether to grant a COLA. The COLA may be granted “in accordance with the cost-of-living-index at the time of the review.” The issue has arisen that the language is vague in how the COLA is applied, leading to an interpretation that if it is applied it is to be retroactive to the last time a COLA was granted. For most counties, the COLA is infrequently granted, and so going back to the last COLA and compounding forward can yield an unsupportable increase in the benefit – with the result that the county continues to deny COLA adjustments.

The corrective language in SB 1078 would allow the county to grant a limited COLA, keyed to just the most recent year and not requiring retroactive application to the last COLA adjustment. The change would allow a county that has fund capacity to grant much-needed benefit adjustments without the adjustments being excessive and without the adjustments imperiling the solvency of the fund.

As with any change in benefits, other provisions of the law require actuarial evaluation before they are granted. We also note that county pensions under Act 96 (which applies to every county except Allegheny and Philadelphia) grant reasonable benefit levels and have few options, and as a result are largely fully-funded.

We appreciate your consideration of these comments, and we would be happy to discuss this legislation further with you. Please contact us if you have questions or need additional information.



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## BILL SUMMARY

**Legislation:** Senate Bill 1169, P.N. 1563  
**Sponsor:** Senator Folmer  
**Act Amended:** Pennsylvania Consolidated Statutes  
**Date:** April 2, 2014

### Synopsis

Amends Title 24 (Education) of the Pennsylvania Consolidated Statutes to exclude future members of the Pennsylvania School Boards Association from being eligible for public pension benefits.

### Bill Summary

Senate Bill 1169 amends the definition of “governmental entity” to clarify that the term does not include an association authorized to receive membership dues from a public school entity under section 516 of the Public School Code.

Effective date: Immediately

### Current Law

Title 24 of the Pennsylvania Consolidated Statutes currently defines “governmental entity” as board of school directors, board of public education, intermediate unit board of directors, area vocational-technical board, any governing board of any agency or authority created by them, and the Commonwealth.

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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1169 Session of  
2013

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INTRODUCED BY FOLMER, RAFFERTY, SCARNATI, WHITE, PILEGGI,  
HUTCHINSON, DINNIMAN, BRUBAKER AND ARGALL, NOVEMBER 15, 2013

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REFERRED TO FINANCE, NOVEMBER 15, 2013

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AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated  
2 Statutes, further providing for definitions.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. The definition of "governmental entity" in  
6 section 8102 of Title 24 of the Pennsylvania Consolidated  
7 Statutes, amended July 1, 2013 (P.L.174, No.32), is amended to  
8 read:

9 § 8102. Definitions.

10 The following words and phrases when used in this part shall  
11 have, unless the context clearly indicates otherwise, the  
12 meanings given to them in this section:

13 \* \* \*

14 "Governmental entity." Board of school directors, board of  
15 public education, intermediate unit board of directors, area  
16 vocational-technical board, any governing board of any agency or  
17 authority created by them, and the Commonwealth. This term does  
18 not include an association authorized to receive membership dues

1 from a public school entity under section 516 of the act of  
2 March 10, 1949 (P.L.30, No.14), known as the Public School Code  
3 of 1949.

4 \* \* \*

5 Section 2. The amendment of "governmental entity" in 24  
6 Pa.C.S. § 8102 shall apply to members hired on or after the  
7 effective date of this act.

8 Section 3. This act shall take effect immediately.

**LEGISLATIVE REFERENCE BUREAU**

## AMENDMENTS TO SENATE BILL NO. 1169

Sponsor:

Printer's No. 1563

1 Amend Bill, page 1, line 2, by inserting after "Statutes,"  
2 in preliminary provisions relating to retirement for school  
3 employees,

4 Amend Bill, page 1, lines 5 through 8, by striking out all of  
5 said lines and inserting

6 Section 1. The definitions of "approved leave of absence,"  
7 "date of termination of service," "governmental entity,"  
8 "inactive member" and "leave for service with a collective  
9 bargaining organization" in section 8102 of Title 24 of the  
10 Pennsylvania Consolidated Statutes, amended July 1, 2013  
11 (P.L.174, No.32), are amended to read:

12 Amend Bill, page 1, by inserting between lines 13 and 14

13 "Approved leave of absence." A leave of absence for  
14 activated military service or which has been approved by the  
15 employer for sabbatical leave, service as an exchange teacher,  
16 service with a collective bargaining organization granted prior  
17 to July 1, 2014, or professional study. The term shall not  
18 include service with a collective bargaining organization  
19 granted on or after July 1, 2014.

20 \* \* \*

21 "Date of termination of service." The last date of service  
22 for which pickup contributions are made for an active member or,  
23 in the case of an inactive member, the effective date of his  
24 resignation or the date his employment is formally discontinued  
25 by his employer or, for an inactive member not on leave with a  
26 collective bargaining organization, two years following the last  
27 day of service for which contributions were made, whichever is  
28 earliest.

29 \* \* \*

30 Amend Bill, page 2, by inserting between lines 3 and 4

31 "Inactive member." A member for whom no pickup contributions  
32 are being made, except in the case of an active member for whom  
33 such contributions otherwise required for current school service  
34 are not being made solely by reason of any provision of this

1 part relating to the limitations under section 401(a)(17) or  
2 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514,  
3 26 U.S.C. § 401(a)(17) or 415(b)) or because the member is on  
4 USERRA leave, who has accumulated deductions standing to his  
5 credit in the fund and for whom contributions have been made  
6 within the last two school years or a multiple service member  
7 who is active in the State Employees' Retirement System or a  
8 member who is on a leave of absence for service with a  
9 collective bargaining organization granted on or after July 1,  
10 2014.

11 \* \* \*

12 "Leave for service with a collective bargaining  
13 organization." Paid leave granted to an active member by an  
14 employer for purposes of working full time for or serving full  
15 time as an officer of a Statewide employee organization or a  
16 local collective bargaining representative under the act of July  
17 23, 1970 (P.L.563, No.195), known as the Public Employee  
18 Relations Act: Provided, That greater than one-half of the  
19 members of the employee organization are active members of the  
20 system; that, for leave granted prior to July 1, 2014, the  
21 employer shall fully compensate the member, including, but not  
22 limited to, salary, wages, pension and retirement contributions  
23 and benefits, other benefits and seniority, as if he were in  
24 full-time active service; and that, for leave granted prior to  
25 July 1, 2014, the employee organization shall fully reimburse  
26 the employer for such salary, wages, pension and retirement  
27 contributions and benefits and other benefits and seniority.

28 Amend Bill, page 2, line 7, by striking out "act" and  
29 inserting  
30 section