



## PARSS LEGISLATIVE UPDATE December 8, 2023

### General Assembly Returns for Another Effort on the State Budget

Both chambers are back in voting session next week before adjourning until January. One agenda item will be finding a resolution to the final pieces of the 2023-24 state budget. An extensive School Code omnibus amendment awaits action after dueling versions were exchanged between chambers. There is both necessity and urgency in freeing up funding already approved in the budget bill that has been signed into law. The School Code language is necessary to provide direction on how the approved funding will be distributed to schools. Let's hope the holiday season puts the Legislature in a spirit of finding a solution to the six-month impasse.

Last month, the House did send to the Senate a pension enhancement bill, [House Bill 1416](#), for PSERS annuitants who left school service prior to July 2, 2001. If enacted, and there is no indication that the Senate will move the legislation, the increase for retirees would be scaled from 24.5% to 15% with the longest retired getting the largest increase and the most recent retirees getting the smallest increase. Here is a quick summary of the benefit increase from the Independent Fiscal Office (IFO).

Retirement Effective Date	Annuity Increase (%)	Retirement Effective Date	Annuity Increase (%)
7/2/2000 - 7/1/2001	15.0	7/2/1990 - 7/1/1991	20.0
7/2/1999 - 7/1/2000	15.5	7/2/1989 - 7/1/1990	20.5
7/2/1998 - 7/1/1999	16.0	7/2/1988 - 7/1/1989	21.0
7/2/1997 - 7/1/1998	16.5	7/2/1987 - 7/1/1988	21.5
7/2/1996 - 7/1/1997	17.0	7/2/1986 - 7/1/1987	22.0
7/2/1995 - 7/1/1996	17.5	7/2/1985 - 7/1/1986	22.5
7/2/1994 - 7/1/1995	18.0	7/2/1984 - 7/1/1985	23.0
7/2/1993 - 7/1/1994	18.5	7/2/1983 - 7/1/1984	23.5
7/2/1992 - 7/1/1993	19.0	7/2/1982 - 7/1/1983	24.0
7/2/1991 - 7/1/1992	19.5	Prior to 7/2/1982	24.5

Source: Independent Fiscal Office

There will be an increase in the Employer Contribution Rate (ERC) in order to pay for the benefit increase. According to the IFO, schools would need to fund an annual increase in the ERC to meet the \$125 million annual cost over a ten year period. Initially the ERC would increase by 0.81 percent, from 34.73 percent to 35.54 percent according to the IFO. You can read more about the technical aspects of the legislation by [clicking here](#). You can also read [this article](#) on House passage of House Bill 1416.

The vote in the House was 160-43, with all Democrats voting yes. You can see how your House members voted by [clicking here](#). If enacted, the legislation would implement the first PSERS cost-of-living-adjustment since 2001.