

Legislative Report
December 19, 2012
Submitted by Linda Bishop

The PA legislature is in recess until the start of the new legislative session in January.

The employer contribution rate for the Public School Employees' Retirement System (PSERS) has been officially set by the PSERS Board for the fiscal year 2013-14, beginning July 1. It will increase to 16.93% from 12.36% this year. The pension plan is only 69.1% funded.

Governor Corbett has outlined some potential fixes he will offer to legislative leaders in January to address the public sector pension crisis. Options reportedly include increasing the state retirement age (which varies by agency) and changing how pension benefits are calculated by not including overtime and adding lower-salaried years into the formula. Any changes would start with new employees but, if the legislature agrees, could include workers who are not yet vested in the system.

Hearings were held by the Pennsylvania Department of Education on applications for eight new cyber charter schools in Pennsylvania. If all the pending proposals are approved, the new cybers would receive about \$350 million in taxpayers money over the next five years.

With regard to the "fiscal cliff," if Republican negotiators and President Obama fail to reach agreement by December 31, Pennsylvania will lose about \$300 million in federal money starting in January, according to PA Budget Secretary, Charles Zogby. The impact on education and social services in Pennsylvania will be "enormous", according to Governor Corbett.