
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 167 Session of
2019

INTRODUCED BY RYAN, GROVE, PICKETT, JAMES, READSHAW, SAYLOR AND
KORTZ, MARCH 25, 2019

REFERRED TO COMMITTEE ON FINANCE, MARCH 25, 2019

A CONCURRENT RESOLUTION

1 Urging the State Treasurer to petition the Federal Reserve to
2 remit \$24 billion, less applicable benefit, to the
3 Commonwealth to reimburse the State Employees' Retirement
4 Fund and the Public School Employees' Retirement Fund for
5 lost earnings due to quantitative easing.

6 WHEREAS, The Federal Reserve System is a Federal agency,
7 comprised of a board of governors and 12 independent regional
8 reserve banks; and

9 WHEREAS, The Federal Reserve directs the central banking
10 system of the United States and was created to respond to
11 banking panics; and

12 WHEREAS, In response to various financial troubles, the
13 Federal Reserve introduced new money into America's financial
14 system by purchasing assets from commercial banks at various
15 points between 2009 and 2014 by a process called quantitative
16 easing; and

17 WHEREAS, Quantitative easing had negative side effects that
18 limited the earning potential of municipal and Commonwealth
19 pension portfolios; and

1 WHEREAS, Pennsylvania seeks restitution from the Federal
2 Reserve to reimburse the Commonwealth for lost earnings of
3 pension plans due to the negative impacts of quantitative
4 easing; and

5 WHEREAS, The estimated amount of net damages for the years
6 2009 to 2016 is 200 basis points per year for 40% of the
7 Commonwealth's portfolio and municipal portfolio of pension
8 assets, totaling \$24 billion; and

9 WHEREAS, The Commonwealth has benefited from lower interest
10 rates on State obligations for the years 2009 to 2018; and

11 WHEREAS, A calculation of net damages incurred by the
12 Commonwealth should take into account benefits that have accrued
13 to the Commonwealth; and

14 WHEREAS, The State Treasurer should calculate net damages
15 incurred by the Commonwealth by determining the amount of
16 benefits accrued to the Commonwealth as a result of lower
17 interest rates and subtracting that amount from \$24 billion; and

18 WHEREAS, The State Treasurer should petition the Federal
19 Reserve to remit an amount of money to the Commonwealth equal to
20 the net damages incurred by the Commonwealth; and

21 WHEREAS, Any money received from the Federal Reserve shall be
22 deposited into the State Employees' Retirement Fund and the
23 Public School Employees' Retirement Fund; and

24 WHEREAS, The amount of money deposited into the State
25 Employees' Retirement Fund and the Public School Employees'
26 Retirement Fund shall be calculated by applying the ratio of
27 each of the retirement fund's assets to the total amount of
28 assets in both retirement funds at the close of fiscal year
29 2017-2018 to the total money received; therefore be it

30 RESOLVED (the Senate concurring), That the General Assembly

1 of the Commonwealth urge the State Treasurer to petition the
2 Federal Reserve to remit \$24 billion, less applicable benefit,
3 to the Commonwealth to reimburse the State Employees' Retirement
4 Fund and the Public School Employees' Retirement Fund for lost
5 earnings due to quantitative easing; and be it further

6 RESOLVED, That a copy of this resolution be transmitted by
7 the Clerk of the House of Representatives to the Governor, the
8 State Treasurer and to each member of Congress from
9 Pennsylvania.