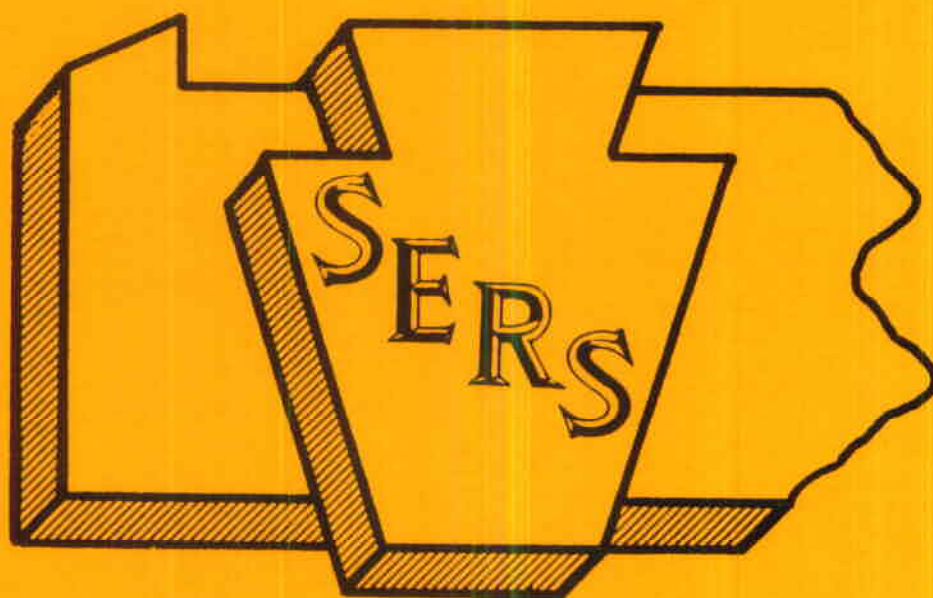


COMMONWEALTH OF PENNSYLVANIA  
**STATE EMPLOYEES'  
RETIREMENT SYSTEM**



**THIRD ANNUAL REPORT  
TO THE  
GOVERNOR AND THE GENERAL ASSEMBLY  
FEBRUARY, 1983**

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COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM

204 LABOR & INDUSTRY BUILDING  
HARRISBURG, PENNSYLVANIA 17120  
TEL: 717-787-6293



To Governor Dick Thornburgh and  
Members of the Pennsylvania General Assembly

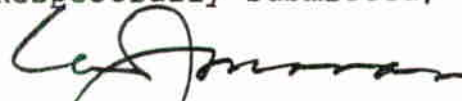
On behalf of the Board of Trustees of the Pennsylvania State Employees' Retirement System (SERS), I am pleased to submit this third Annual Report covering the activities and operations of the Retirement System. This report includes detailed information on the investments of the Retirement Fund, as well as an overview of both present and projected investment activity.

As of December 31, 1982, a total of 55,591 former state employees and beneficiaries were receiving monthly benefits of \$20,087,323. This is a net increase of 3,065 recipients over December 31, 1981. Total benefit payments for normal, early, and disability retirements, death benefits, and refunds to former members amounted to \$343,867,133 during 1982. Active membership in the Retirement System declined during the year from 119,724 to 119,548 at the end of 1982.

Total assets of the trust fund held in reserve for the payment of future benefits stood at more than \$3.5 billion at market value at the close of 1982. Employer contributions to the Fund continue to be made at the rate certified by the plan's actuary as sufficient to provide for all liabilities under the plan. Enclosed are the results of an independent audit which was performed during 1982 for the years 1980 and 1981. The financial records for 1982 are currently under examination; however, unaudited statements for the year ended December 31, 1982 are included herein.

If you require any further information, please contact Secretary Robert L. Cusma at (717) 787-6780.

Respectfully submitted,



William J. Moran  
Acting Chairman

## The State Employees' Retirement System

The Pennsylvania State Employees' Retirement System (SERS), established in 1923, is one of the nation's oldest statewide retirement plans for public employees. With over 175,000 members and over \$3.5 billion in assets, SERS also ranks among the largest statewide public plans. A complete description of the provisions of the plan may be found in the Member's Handbook. Copies are available upon request. A brief overview of the major elements of the plan follows.

Membership in SERS is mandatory for most state employees. Elected officials and certain appointed officials may join at their option. For retirement purposes, employees of many independent agencies are defined as "state employees." A complete list of member agencies is included in this report (see page 43).

Upon becoming a member of SERS, an employee begins contributing 5% of gross pay to the Retirement System. These contributions are deposited into an individually identified account and are credited with interest each quarter. The larger share of benefits paid comes from employer contributions to the Retirement Fund. The level of employer contributions is determined each year after an actuarial valuation of the liabilities and reserve requirements of the Fund. Currently, for fiscal 1982-83, employers contribute 17.85% of gross payroll. For fiscal 1983-84, this rate is scheduled to be increased to 18.74%.

An actuarial experience study covering the period January 1, 1975 through December 31, 1980 revealed trends which required a significant increase in the rate of employer contributions beginning with the 1982-83 fiscal year. These trends disclosed significant changes from the previous actuarial assumptions. They include increases in the rates of retirement and disability during the past five years and a continued decline in the number of active contributors.

The SERS provides benefits in the event of retirement, disability, and death after a member fulfills minimum service requirements of ten years for retirement and death benefits, five years for disability benefits. SERS is a defined benefit plan with benefits based on a member's age, length of service, and final average salary (average of highest three years' earnings). The basic retirement benefit is 2% of final average salary for each year of service at normal retirement age (60 for most employees; 50 for certain high risk and elected positions). Early retirement is available after ten years of service at any age; benefits are actuarially reduced. Members may elect a variety of optional payment plans, but the normal form of benefit is a single-life annuity which is received monthly for life.

Disability benefits provide 2% of final average salary for each year of service without reduction for age, with a minimum of one-third of salary or the basic benefit projected to normal retirement age, if less. A special supplement is provided in the case of work-related disability.

Periodic cost-of-living adjustments to retirement and disability benefits have been provided by legislation. Increases were enacted in 1968, 1974, and 1979. The 1979 legislation further calls for the convening of a joint committee of the legislature in each odd-numbered year to study the need for further cost of living adjustments and the costs thereof.

Death benefit protection is provided after ten years of service, or after three years after attainment of normal retirement age. The member's beneficiary(ies) receive(s) the total present value of the member's accrued retirement benefit.

A member's own contributions and credited interest vest immediately and are returned upon termination of service if the member is not eligible for other benefits.

The SERS is administered by an independent Board of Trustees under the Retirement Code (Title 71, Pa.C.S.). Investments of the Fund are governed by provisions of the Retirement Code, the Fiscal Code, and the Board's Investment Policy. The assets and liabilities of the plan are subject to annual actuarial valuations and the plan is funded in accordance with a recognized actuarial cost method specified in the Retirement Code. The financial records of the SERS are audited annually by an independent certified public accountant.

## The State Employees' Retirement Board

The State Employees' Retirement Board (Board) is an eleven member independent Board of Trustees charged with the administration of the Retirement Code. Six of the seven members are appointed by the Governor and confirmed by the State Senate to four year terms. Two members are appointed by the President Pro Tempore of the Senate and two by the Speaker of the House, and serve on the Board for the duration of the terms for which they were elected. The State Treasurer serves as a member of the Board, ex-officio. The Retirement Code provides that five members of the Board must be active members of the SERS, and that two of the five must have at least ten years of service. At least one member of the Board must be a retiree. No member may serve more than two full terms. The Chairman of the Board is appointed by the Governor from the members of the Board.

Current Board members are:

Mr. William J. Moran, Acting Chairman  
Hon. Anthony B. Andrezeski  
Hon. Robert A. Bittenbender  
Hon. R. Budd Dwyer  
Hon. Stephen F. Freind  
Hon. Edward L. Howard  
Mr. Charles J. Lieberth  
Mr. Milton Melman  
Mr. M. K. Paul Muench  
Hon. Samuel Rappaport  
Hon. James I. Scheiner

Members of the Board, employes of the SERS, and agents of the Board stand in a fiduciary relationship to the members of the system regarding the investments and disbursements of the Fund. Subject to restrictions on investments contained in the Retirement Code and the Fiscal Code, the Board has exclusive control and management of the Fund and full power to invest the assets of the Fund. The State Treasurer is the custodian of the Fund.

Board members may be contacted in writing at the following address:

Pa. State Employees' Retirement Board  
Room 204, Labor and Industry Building  
Harrisburg, Pennsylvania 17120

Please contact Secretary Robert L. Cusma at 787-6780 for addresses and phone numbers if you wish to contact Board members directly.

## SERS Administrative Staff

Secretary: Robert L. Cusma  
Assistant Secretary: Dale H. Everhart  
Office of Financial Management: John R. Brosius  
Office of Investments: Edwin B. Warwick

### Division Directors:

Administrative Services - Robert E. Bowers  
Benefits Determination - Susan C. Hostetter  
Membership Services - Ruth E. Granoff  
Personnel Division - John E. Hibbs  
Retirement Counseling - Aldo J. Mastrine

### Managers and Consultants to the State Employees' Retirement Board

### Investment Managers:

Alliance Capital Management Corp., New York, NY  
Mellon Bank, N.A., Pittsburgh, PA  
Miller, Anderson & Sherrerd, Bala-Cynwyd, PA  
Philadelphia Saving Fund Society, Philadelphia, PA  
Wells Fargo Investment Advisors, San Francisco, CA

### Investment Policy and Evaluation:

A. G. Becker, Inc., Chicago, IL  
Ronald A. Karp Associates, Inc., Summit, NJ

### Consulting Actuary;

Huggins & Co., Inc., Philadelphia, PA

### Independent Auditor:

Ernst & Whinney, Harrisburg, PA (1978 through 1981)  
Coopers & Lybrand, Philadelphia, PA (1982)

### Medical Counsel:

Mark Berger, M.D. and Stanley Goldman, M.D., P.,C., Harrisburg, PA  
Mark Berger, M.D., President

## 1982 Highlights

### Investments

Act 45 enacted by the General Assembly of the Commonwealth of Pennsylvania was effective on March 4, 1982. This significant legislation increased the investment flexibility of the Board by:

- . Permitting 50% of the total assets of the Fund at book value to be invested in Common Stocks.
- . Stating that institutional real estate funds shall be an authorized investment of the Fund and such investment may not exceed 15% of the book value of the total assets of the Fund.
- . Authorizing the Board, at its discretion, to invest a maximum of 10% of the book value of the assets of the Fund in any investments not otherwise specifically authorized provided they are prudent investments.

The above expanded investment authority will give the Fund a better opportunity to fund the Plan's liabilities, to achieve its investment objectives, and to invest the assets in a prudent diversified manner.

Additional highlights in the area of investment management of the fund during 1982 included:

- . Implementation of a plan, consistent with Act 45, to increase the Common Stock position and to reduce the Bond position to improve the Debt-Equity Ratio of the Fund.
- . Establishment of an Equity Index Fund in September 1982 and appointment of Wells Fargo Bank to manage this Fund.
- . Selection of six institutional real estate funds to provide for investments in real estate.
- . Appointment of a Consultant to assist the Board to name additional equity investment managers in early 1983.
- . Monitoring quarterly the performance of all investment managers and their contribution to the overall performance of the Fund.
- . Meeting quarterly with each investment manager to review performance and to determine strategy to be implemented for our Account.



## 1982 Highlights

### Operations

Act 284, signed into law on December 14, 1982 affected all active members of the Retirement System by:

- . deferring Federal income taxes due on current member contributions to the Retirement System until the time the member receives these contributions as part of a monthly retirement benefit or as a refund.
- . providing the tax deferral for those contributions retroactive to January 1, 1982.

A vested right principle has been established because of a significant court case initiated by a group of Commonwealth judges. This principal provides for:

- . no diminishment in a member's future retirement benefit entitlements after the member attains a vested status.
- . recalculation and upward adjustment of several hundred retirement benefits for retired and deceased members whose benefits were improperly diminished due to 1974 pension reform legislation.
- . increased liabilities as a result of the change to the Retirement Fund of an amount established to be in excess of 20 million dollars.

The implementation of a direct deposit system for annuity payments through electronic fund transfers has afforded annuitants the opportunity of:

- . having access to their annuity payments at the financial institution of their choice on the date the checks are payable, rather than having to wait for the payment to be delivered at a later date through the mail.
- . having a more secure transfer of their annuity payments from the Retirement System to their financial institution.

## Financial Statements

During 1982, the financial records of the SERS for the year 1981 were audited by the accounting firm of Ernst & Whinney. The audit report is reproduced on the following pages. The financial statements were prepared in accordance with the requirements of the Financial Accounting Standards Board Statement #35. The reader should be cognizant of several important points when reviewing the statements:

- long term investments are reported at current market value, regardless of investment policy. As interest rates rise, the market value of bonds and mortgages declines; generally accepted accounting principles require that this depreciated value be disclosed, even if, as is the case with the Fund's residential mortgages, the Fund's policy is to hold these investments until maturity. Therefore, the asset values on the audited financial statements represent the proceeds that would have been obtained if the entire Fund had been sold and converted to cash on the valuation date.
- the accumulated plan benefits disclosed in Note D represent the value of all benefits payable to current members if the plan ceased to exist on the valuation date and assuming an interest rate which reflects current market conditions.

These two accounting requirements give a snapshot picture of the financial condition of the plan as of a given date assuming the plan terminated and all assets were liquidated. They are not the values used by the actuary to determine contribution levels. Those calculations assume a continuing pension plan where members will receive periodic salary increases that raise the level of pensions payable on all service, because benefits are based on the average of the three highest years earnings.

Following the audited financial statements for 1980 and 1981 are the unaudited statements for 1982. The audit of those statements is currently underway.

This section concludes with data from the 1981 actuarial valuation regarding the funded status of the Retirement System.

# Ernst & Whinney

300 Locust Court  
212 Locust Street  
Harrisburg, Pennsylvania 17101

717/232-7575

Members of the Board  
Commonwealth of Pennsylvania  
State Employees' Retirement System  
Harrisburg, Pennsylvania

We have examined the statements of net assets available for plan benefits of the State Employees' Retirement System as of December 31, 1981 and 1980, and the related statements of changes in net assets available for plan benefits for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements referred to above present fairly the financial position of the State Employees' Retirement System at December 31, 1981 and 1980, and the changes in net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Ernst & Whinney*

Harrisburg, Pennsylvania  
July 9, 1982

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM

	December 31	
	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
Investments, at fair value-- Notes A and D:		
United States government securities	\$ 485,085,905	\$ 303,529,422
Corporate bond and notes	863,627,540	1,067,305,286
Common and preferred stocks	817,177,643	789,000,063
Mortgages	<u>257,466,315</u>	<u>268,135,217</u>
	2,423,357,403	2,427,969,988
Temporary investments	<u>260,667,066</u>	<u>128,045,096</u>
Total Investments	2,684,024,469	2,556,015,084
Receivables:		
Contributions receivable from Commonwealth	88,241,515	82,696,440
Contributions receivable from employees	4,130,686	4,251,163
Accrued income	39,019,125	43,560,991
Other	<u>2,640,789</u>	<u>2,836,273</u>
Total Receivables	134,032,115	133,344,867
Cash	<u>52,618</u>	<u>195,065</u>
Total Assets	2,818,109,202	2,689,555,016
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>879,146</u>	<u>410,898</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS--NOTE C	<u>\$2,817,230,056</u>	<u>\$2,689,144,118</u>

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM

	Year Ended December 31	
	<u>1981</u>	<u>1980</u>
<b>ADDITIONS</b>		
Investment income	\$ 267,211,063	\$ 223,855,116
Contributions:		
Commonwealth	309,579,182	287,133,105
Employees	116,283,066	110,531,173
Other	<u>16,108,746</u>	<u>18,414,005</u>
	709,182,057	639,933,399
<b>DEDUCTIONS</b>		
Benefits paid directly to participants	325,700,407	295,265,098
Administrative expenses	<u>3,000,756</u>	<u>2,466,463</u>
	<u>328,701,163</u>	<u>297,731,561</u>
	380,480,894	342,201,838
Net realized and unrealized depreciation in fair value of investments	<u>252,394,956</u>	<u>76,845,383</u>
NET INCREASES	128,085,938	265,356,455
Net assets available for plan benefits at beginning of year	<u>2,689,144,118</u>	<u>2,423,787,663</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS AT END OF YEAR	<u>\$2,817,230,056</u>	<u>\$2,689,144,118</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### COMMONWEALTH OF PENNSYLVANIA STATE EMPLOYEES' RETIREMENT SYSTEM

December 31, 1981

#### NOTE A--SIGNIFICANT ACCOUNTING POLICIES

Valuation of Investments: Marketable securities are stated at fair value. Temporary investments are valued at cost which closely approximates market. Securities traded on a national securities exchange were valued at the last reported sales price on the last day of business of each plan year. Securities which were not traded on the last day of the plan year or which were not traded on a national securities exchange are valued by the plan advisor based on similar securities sales.

Mortgages are valued by the mortgage advisor using a discounted cash flow method.

Unaudited financial statements have been issued by the System for the years ended December 31, 1980 and 1981, which valued investments at amortized cost.

Actuarial Present Value of Accumulated Plan Benefits: Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries.

#### NOTE B--DESCRIPTION OF THE SYSTEM

The State Employees' Retirement System is a contributory defined benefit plan that covers substantially all state employees and provides for retirement, death and disability benefits. The majority of employees contribute at a rate of 5% of their gross pay. Accumulated employee contributions amounted to \$1,000,500,000 and \$937,500,000 as of December 31, 1981 and 1980, respectively. Interest is calculated quarterly and credited to the employee's account to yield 4% compounded annually.

The Commonwealth's contribution is based upon an actuarially determined percentage of gross pay and ranged from 13.75% to 14.67% during the two-year period.

According to the retirement code, all obligations of the Plan will be assumed by the Commonwealth should the Plan terminate.

NOTES TO FINANCIAL STATEMENTS--Continued

COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM

Information about the Plan agreement including the vesting and benefit provisions, is contained in the pamphlet, Pennsylvania State Employees' Retirement System Handbook. Copies of this pamphlet are available from the Pennsylvania State Employees' Retirement System.

NOTE C--ACCUMULATED PLAN BENEFITS

An actuary from Huggins & Company estimates the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants, to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The accumulated plan benefit information as of the end of each plan year is as follows:

	December 31	
	<u>1981</u>	<u>1980</u>
	(In Thousands)	
Actuarial present value of accumulated plan benefits		
Vested benefits:		
Participants currently receiving payments	\$1,636,646	\$1,559,532
Other participants	<u>1,798,927</u>	<u>1,384,793</u>
	3,435,573	2,944,325
Nonvested benefits	<u>78,830</u>	<u>1,343</u>
	<u>\$3,514,403</u>	<u>\$2,945,668</u>

The actuarial present value of accumulated plan benefits was \$3,070,464,000 at December 31, 1979.

The assumptions discussed below relating to disability, withdrawals, and retirement were revised for the year ended December 31, 1981 based upon the experience of the State Employees' Retirement System for the period 1975 through 1980, resulting in an increase in the present value of accumulated plan benefits of approximately \$350,000,000. The 1980 accumulated plan benefit information was based upon experience from 1971 through 1975.

Significant assumptions underlying the actuarial computations for the two years ended December 31, 1981 are:

Superannuation (Normal Retirement)  
and Withdrawal

The 1971 Group Mortality  
Table.

NOTES TO FINANCIAL STATEMENTS--Continued

COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM

Disability

Modifications of the 1965  
Railroad Retirement Board  
Mortality among totally  
disabled annuitants.

Assumed Rate of Return on Investments

10% in 1981 and 9% in 1980

NOTE D--INVESTMENTS

Members of the Retirement Board are trustees of the fund, have responsibility for management of the fund and have full power to invest the monies therein, subject to the terms, conditions, limitations and restrictions imposed by law upon fiduciaries.

The investment portfolio is currently yielding approximately 10.2%, based on fair value of the investments. This computation excludes realized or unrealized appreciation or depreciation in the investment portfolio. The estimated rate of return was determined by using the interest income currently being collected in the fixed-income securities and the current dividend rates on the equity securities.

During 1981, the Plan's investments (including investments bought, sold, as well as held during the year) depreciated in fair value by \$252,394,956 as follows:

	Net Depreciation In Fair Value During Year	Fair Value At End of Year
Year-ended December 31, 1981		
Fair value as determined by quoted market price or the plan advisor:		
Unites States government securities	\$ 22,697,533	\$ 485,085,905
Corporate bonds and notes	92,812,879	863,627,540
Common and preferred stocks	<u>61,122,350</u>	<u>817,177,643</u>
	176,632,762	2,165,891,088
Fair value estimated by using discounted cash flow:		
Mortgages	<u>75,762,194</u>	<u>257,466,315</u>
Fair value which approximates cost:		
Temporary investments	<u>-</u>	<u>260,667,066</u>
	<u>\$252,394,956</u>	<u>\$2,684,024,469</u>



NOTES TO FINANCIAL STATEMENTS--Continued

COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYES' RETIREMENT SYSTEM

The net appreciation or depreciation in fair value of investments for each significant class of investments could not be separately determined.

NOTE E--INCOME TAX STATUS

The System has not requested a determination letter from the IRS relating to the status of the Plan under the Internal Revenue Code.

NOTE F--CONTINGENCIES

The State Employees' Retirement System is involved as the defendant in several suits. Settlements, if any, are expected to be immaterial in relation to the System's financial resources.

STATE EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS (UNAUDITED)  
DECEMBER 31, 1982

ASSETS

Investments, at fair value:

United States Government securities	\$ 419,912,717
Corporate bonds and notes	740,232,768
Common and preferred stock	1,267,579,066
Mortgages	<u>528,447,858</u>
	2,956,172,409
Temporary investments	<u>549,364,669</u>
Total Investments	3,505,537,078

Receivables:

Contributions receivable from Commonwealth	178,647,282
Contributions receivable from employees	4,643,844
Accrued income	53,189,592
Other	<u>565,599</u>
Total Receivables	237,046,317

Cash	<u>38,858</u>
Total Assets	3,742,622,253

LIABILITIES

Accounts payable and accrued expenses	<u>1,961,253</u>
---------------------------------------	------------------

NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u><u>\$3,740,661,000</u></u>
---	-------------------------------

STATE EMPLOYES' RETIREMENT SYSTEM  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS (UNAUDITED)  
 FOR THE YEAR ENDED DECEMBER 31, 1982

ADDITIONS

Investment income	\$ 319,384,520
Contributions:	
Commonwealth	365,969,380
Employees	121,589,077
Other	<u>17,549,936</u>
	824,492,913

DEDUCTIONS

Benefits paid directly to participants	343,788,061
Administrative expenses	<u>3,903,823</u>
	<u>347,691,884</u>
	476,801,029

Net realized and unrealized appreciation in fair value of investments	<u>446,629,915</u>
---	--------------------

NET INCREASES 923,430,944

Net assets available for plan benefits at beginning of year	<u>2,817,230,056</u>
--	----------------------

NET ASSETS AVAILABLE FOR  
 PLAN BENEFITS AT END OF YEAR \$3,740,661,000

## Funding Status

The following values are taken from the most recent actuarial valuation prepared by the actuary and are expressed as present values as of December 31, 1981, in millions of Dollars, and were calculated in accordance with the actuarial cost method defined in the Retirement Code, current mortality, salary, and experience tables, and a 5 1/2% interest assumption as specified in the Retirement Code.

Value of benefits payable to current retirees and beneficiaries	\$2,199	
Liability on account of active members	7,602	
Accounts payable	<u>4</u>	
<b>Total Reserves and Liabilities</b>		<b><u>\$9,805</u></b>
Present Assets at Book Value	\$3,498	
Present Value of Future Contributions:		
Member contributions <sup>1</sup>	\$1,187	
Employer normal contributions <sup>2</sup>	1,849	
Accrued liability contributions <sup>3</sup>	2,984	
Supplemental annuity contributions <sup>4</sup>	<u>287</u>	
	\$6,307	
<b>Total Assets</b>		<b><u>\$9,805</u></b>

<sup>1</sup>Present value of contributions that current active members will make.

<sup>2</sup>Present value of the normal contributions employers will make on behalf of current active members. Normal contributions are those necessary to fund the pension plan, exclusive of the accrued liability.

<sup>3</sup>Present value of the contributions necessary to pay off the accrued liabilities of the pension plan. The liability is comprised of two parts, \$2.1 billion is being funded over 30 years from July 1, 1969; the remainder is being funded over 30 years from July 1, 1974.

<sup>4</sup>Present value of the contributions necessary to fund the cost of living increases granted in 1969, 1974, and 1979. These liabilities are being funded over separate 20 year periods.

## Investment Policy

The State Employees' Retirement Board adopted a formal Statement of Investment Policy in 1979 which was revised in 1982 to incorporate the increased flexibility provided by Act 45.

The purpose of the Statement is to formalize the Board's investment objectives, policies, and procedures, to establish guidelines for the investment of the assets of the Fund, and to define the duties and responsibilities of the various entities involved in the investment process.

The major elements of the Statement are:

- . As fiduciaries, the Board will exercise that degree of judgment, skill, and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence, who are familiar with such matters, exercise in the management of their own affairs in investment matters;
- . Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments which have a positive impact on the economy of Pennsylvania;
- . The Fund's overall investment objective is to provide a Total Rate of Return, over full economic cycles, which exceeds the return of a fully diversified market portfolio within each asset class. The Board seeks to meet this objective within acceptable risk parameters through adherence to a policy of diversification of investments by type, industry, quality, and geographic location;
- . The Board contracts with highly qualified investment advisors and counselors to provide expert, professional judgment in all investment decisions;
- . Guidelines are established for each category of assets used by the Fund's investment advisors to provide a framework for monitoring quality, diversification, and liquidity;
- . An annual Investment Plan is prepared to control the allocation of funds during the year among investment advisors and categories of assets;
- . All records of investment transactions are available for public inspection at the offices of the State Employees' Retirement System.

## Investment Objectives

To assure an adequate accumulation of reserves in the Fund at the least cost to the citizens of the Commonwealth and to provide some protection against the erosion of principal by inflation, the minimum total return objectives of the Fund, including income and both realized and unrealized gains and losses, over full economic cycles, are:

- A. Achieve and maintain State Employees' Retirement Fund in excess of Accrued Benefit Liability.
- B. Achieve a Real Total Rate of Return (as measured by the GNP Implicit Price Deflator). Achieve an Absolute Total Rate of Return not less than the actuarial investment return assumption (currently 5 1/2%).
- C. Achieve in Equity Securities (Common Stock, Convertible Preferred Stock, and Convertible Bonds) a total return that exceeds the total return of the Standard and Poor's 500 Stock Composite Index.
- D. Achieve in Fixed Income Securities, exclusive of residential and commercial mortgages, but including mortgage-backed securities, a total return that exceeds the total return of the Lehman Government/Corporate Bond Index.
- E. Achieve in residential mortgage investments a total return superior to the total return of the Salomon Brothers Mortgage Pass-Through Security Total Rate of Return Index. Commercial mortgage investment return should be competitive with the total return on similar institutional portfolios and on other fixed income investments.
- F. Achieve in Equity Real Estate Investments a total return that is competitive with market returns for similar types of real estate investments.
- G. Achieve in Short-Term Securities relative performance better than U.S. Treasury Bills (90 days).

Total return includes income and both realized and unrealized gains and losses and is computed on market value.

The Board seeks to meet these objectives within acceptable risk parameters through adherence to a policy of diversification of investments by type, industry, investment manager style, and geographical location.

## Investment Performance

During 1982, the State Employees' Retirement Fund increased in value from \$2.68 billion to \$3.51 billion. The growth resulted from net contributions (state and employee contributions minus benefit and administrative payments) of \$505.1 million, interest and dividend income of \$319.4 and net realized and unrealized gains of \$446.6.

The Fund realized a 27.8% Total Rate of Return in 1982 as a result of improved performances by the stock and bond markets. For the first time in five years the Total Rate of Return in 1982 exceeded inflation as measured by the GNP Implicit Price Deflator and the actuarial investment return assumption.

Exhibit A compares the Rates of Return of Investment for the most recent five year period. Exhibit B provides a Summary of Assets by Investment Manager at December 31, 1982 together with the diversification of the Fund's assets. Exhibit C is a two-year asset mix comparison indicating the improvement in the Debt-Equity Ratio made possible by Act 45.

State Employees' Retirement Fund  
 Rates of Return by Type of Investment  
December 31, 1982

<u>Type of Investment</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Equities	19.1	(3.1)	27.6	15.7	5.3
S & P 500 Index	21.5	(5.3)	32.4	18.7	6.4
Bonds	36.1	5.6	(3.9)	(4.7)	(0.9)
Lehman Govt/Corporate Bond Index	26.1	7.3	3.1	2.3	1.2
Mortgages	43.9	---	---	---	---
Salomon Bros. Mortgages Pass-Thru Index	41.4	---	---	---	---
Short-Term Securities	12.0	---	---	---	---
U.S. Treasury Bills	10.7	14.1	11.6	10.3	7.3
Total Fund	27.8	0.9	5.3	2.5	1.4
Inflation - GNP Implicit Price Deflator	6.0	8.9	10.2	8.2	8.5
Actuarial Investment Return	5.5	5.5	5.5	5.5	5.5



State Employees' Retirement Fund  
 Summary of Assets by Investment Manager  
 December 31, 1982  
(Dollar Values In Millions)

<u>% OF FUND</u>	<u>INVESTMENT MANAGERS</u>	<u>TOTAL ASSETS MARKET VALUE</u>	<u>EQUITY</u>	<u>BONDS</u>	<u>MORTGAGES &amp; MTGE-BACKED SECURITIES</u>	<u>CASH SHORT-TERM (1)</u>
10.3%	Alliance	\$ 362.3	\$ 251.6	\$ 68.5	\$ 24.5	17.7
57.1%	Mellon	2,000.2	689.4	1,071.5	7.9	231.4
9.7%	Wells Fargo	341.4	340.8	---	---	0.6
6.2%	Miller Anderson & Sherrerd	216.3	---	5.8	190.4	20.1
10.5%	Philadelphia Saving Fund Society	369.3	---	---	305.6	63.7
<u>6.2%</u>	Treasury	<u>215.9</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>215.9</u>
100%	TOTAL	\$3,505.4	\$1,281.8	\$1,145.8	\$528.4	549.4
	PERCENT	100%	36.5%	32.7%	15.1%	15.7%

(1) All short-term investments are managed by the State Treasurer's Office

State Employees' Retirement Fund  
 Two-Year Asset Mix Comparison (\$ Millions)  
December 31, 1982

<u>Year</u>	<u>Total Assets Market Value</u>	<u>Equity</u>	<u>Bonds</u>	<u>Mortgages &amp; Mortgage-Backed Securities</u>	<u>Cash Short-Term</u>
1982	\$3.505 100%	\$1.282 37%	\$1.146 32%	\$528 15%	\$549 16%
1981	\$2.684 100%	\$ 817 30%	\$1.247 47%	\$359 13%	\$261 10%

FIXED INCOME INVESTMENTS

Corporate Bonds

<u>Issue</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Market Value*</u>
			(*000's omitted)
Aluminum Co. of America	12.250%	12/01/12	\$ 2,907
Aluminum Co. of America	15.250%	7/15/97	7,963
American Brands Inc.	11.125%	10/15/89	10,049
Anheuser-Busch	11.875%	10/01/12	1,880
Arco	7.000%	12/01/91	1,311
Arizona Public Service	4.500%	9/01/93	394
Arizona Public Service	7.450%	3/15/02	2,157
Avco Financial Services	7.625%	12/01/97	6,075
Avco Financial Services	9.375%	10/01/98	5,855
Avco Financial Services	9.750%	8/01/99	10,350
Avco Financial Services	9.875%	4/15/87	16,997
Baker International	6.000%	3/15/02	8,816
Baker International	10.200%	6/15/90	7,802
Beneficial Corp.	8.350%	2/15/88	8,103
Beneficial Finance	4.750%	5/15/93	1,814
Beneficial Finance	6.750%	8/01/94	2,178
Bethlehem Steel	4.500%	1/01/90	6,056
Bethlehem Steel	5.400%	1/15/92	1,805
Borg Warner Acceptance	6.000%	6/01/01	10,323
CIT Financial	9.500%	6/01/95	22,327
CIT Financial	14.750%	12/01/91	19,868
Citicorp	14.125%	7/01/87	50,308
Citicorp	15.300%	5/01/86	7,704
Commercial Credit	7.750%	2/15/92	6,796
Commercial Credit	7.750%	4/01/93	1,834
Commonwealth Edison	5.750%	11/01/96	550
Conn. Power & Light	7.375%	12/01/01	1,472
Dana Corp.	9.000%	2/15/00	5,775
Dayton Power & Light	4.450%	6/01/93	510
Diamond Shamrock	8.500%	4/01/08	1,750
Diamond Shamrock	9.125%	11/15/00	15,325
Eaton Corp.	7.000%	4/01/11	1,178
Eaton Corp.	7.875%	12/01/03	7,374
Enhart Corp.	11.700%	10/15/90	1,493
E. I. DuPont	6.000%	12/01/01	20,735
Fed Home Loan Banks	14.125%	7/25/89	23,809
Federal Mogul	13.000%	8/15/05	9,983
Ford Motor Co.	9.250%	7/15/94	12,881
Ford Motor Co.	14.250%	4/01/90	6,128
Ford Motor Co.	14.750%	4/01/85	5,206
Ford Motor Credit	7.875%	7/15/93	9,944
Ford Motor Credit	9.450%	6/15/89	3,295
Ford Motor Credit	9.500%	1/15/95	12,561
General Foods	14.375%	3/01/89	10,263
Gen Tel of Calif	4.500%	3/01/95	1,579

<u>Issue</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Market Value*</u>
Gen Tel of Calif	5.000%	12/01/95	4,177
Gen Tel of Ind	6.250%	7/01/97	1,401
Gen Tel of Mich	4.875%	11/01/95	539
Gen Tel of Mich	5.125%	12/01/90	286
Gen Tel of Mich	5.500%	11/01/95	562
Gen Tel of Ohio	4.750%	10/01/93	568
Gen Tel of PA	5.625%	7/01/96	174
Georgia Pacific	10.100%	6/15/90	12,443
GMAC	7.850%	11/01/98	5,550
GMAC	9.750%	3/30/84	7,550
GMAC	12.500%	9/06/84	22,825
GMAC	13.000%	4/26/85	9,450
GMAC	13.500%	4/13/84	7,026
GMAC	13.500%	10/15/84	17,420
GMAC	14.250%	4/15/83	13,483
Great Northern RR	3.125%	1/01/00	1
Household Finance	4.875%	9/15/93	1,566
Household Finance	7.500%	10/01/97	1,043
Humble Pipe Line	6.625%	12/01/98	2,516
Ingersoll-Rand	12.375%	9/01/90	17,682
Inter-American Dev Bank	14.625%	8/01/92	20,881
Int'l Bank for Recon Dev	6.500%	3/15/94	4,568
Int'l Bank for Recon Dev	14.625%	8/01/87	4,982
Int'l Tel & Tel	14.750%	11/15/91	6,547
Iowa Elec Light & Power	5.125%	1/01/91	375
Irving Bank	5.750%	8/01/91	1,530
Irving Bank	6.125%	7/01/92	1,915
ITT Financial	11.000%	6/15/88	7,350
J C Penney	10.200%	10/15/94	2,444
J C Penney	10.750%	6/15/90	8,526
John Deere Credit Co.	7.500%	4/30/98	3,781
Kaiser Alum & Chem	5.500%	6/01/87	136
Long Island Lighting	4.400%	4/01/93	520
Long Island Lighting	7.625%	9/01/02	1,553
Louisiana Power & Light	5.000%	4/01/90	330
Macy Credit	13.875%	1/01/91	5,899
Manufacturers & TDR	4.750%	6/01/90	545
Manufacturers Hanover	13.625%	3/01/91	3,169
Marine Midland Corp.	5.000%	7/15/89	1,011
Michigan Consolidated Gas	7.625%	7/01/97	2,236
Michigan Consolidated Gas	8.125%	7/15/98	1,318
Missouri Public Service	6.000%	3/15/97	387
Niagara Mohawk Power	4.625%	12/01/94	226
Northwest Bancorp	5.125%	10/15/90	1,080
Ohio Power Co.	5.000%	1/01/96	540
Pa Power & Light	4.625%	3/01/94	763
Pacific Tel & Tel	4.625%	4/01/99	584
Pacific Tel & Tel	4.625%	5/01/00	547
Pacific Tel & Tel	5.125%	2/01/93	467
Pacific Tel & Tel	9.625%	11/01/14	3,856
Pembroke Capital	14.000%	6/01/91	14,351
Philadelphia Electric	8.000%	10/01/96	2,073
Philadelphia Nat'l Bank	5.500%	3/01/92	795
Phila Suburban Water	5.000%	9/01/89	199
Phillips Petroleum	12.875%	9/01/92	9,517

<u>Issue</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Market Value*</u>
Polaroid Corp.	11.875%	8/15/90	7,546
Public Svc of Colorado	4.625%	3/01/92	142
Republic New York	13.750%	9/15/05	17,262
San Jose Water Works	5.000%	11/01/90	311
Sears Roebuck	7.000%	11/15/01	34,060
So California Gas	7.625%	9/01/97	2,081
Teledyne Inc.	10.000%	6/01/04	3,701
Tenneco Inc.	13.375%	1/15/91	20,278
Tenneco Inc.	13.625%	10/01/07	2,641
Tenneco Inc.	14.500%	6/01/91	22,304
Texas & New Orleans	3.375%	4/01/90	285
Tucson Gas & Electric	4.550%	2/01/95	248
Union Pacific Corp.	6.000%	3/01/92	16,630
United Gas Improvement	4.750%	5/15/90	343
United Tel of Indiana	6.250%	9/01/97	704
Western Pa Water	4.375%	5/01/93	500
Total			\$743,782

#### Convertible Bonds

Augat Inc.	8.250%	9/15/05	\$ 456
Big Three	8.500%	4/15/06	3,746
Caterpillar Tractor	5.500%	6/30/00	889
Fischbach	8.500%	10/01/05	663
Harte Hanks	8.000%	1/15/05	851
Kaiser Cement	9.000%	10/01/05	97
J P Morgan	4.750%	11/01/98	1,670
Moog Inc.	9.875%	1/15/06	166
Sun Company	10.750%	4/01/06	5,113
U S Steel Corp.	5.750%	7/01/01	641
Total			\$ 14,292

#### Corporate Installment Notes

Cent Tel Co of Illinois	6.750%	4/01/93	\$ 847
Cent Vermont Public Svc	4.875%	5/01/87	308
Cent Vermont Public Svc	7.000%	5/01/93	778
Equitable Gas Co.	6.250%	9/01/92	741
Indiana Gas Co.	5.125%	10/01/86	453
Penn Central Co.	9.000%	8/01/84	746
Penn Central Co.	10.500%	12/15/84	391
United Gas Improvement	4.500%	7/01/88	276
Volkswagen Mfg Corp.	8.500%	9/15/91	1,433
Total			\$ 5,973

## U.S. Government Obligations

<u>Issue</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Market Value*</u>
U.S. Treasury Notes:	10.500%	11/15/92	\$ 2,527
	11.875%	10/15/89	2,666
	12.750%	2/15/87	18,932
	13.000%	11/15/90	11,156
	13.250%	5/15/84	17,168
	13.250%	8/15/84	10,544
	13.500%	2/15/86	11,432
	13.750%	5/15/86	40,662
	13.750%	8/15/87	22,300
	13.750%	5/15/92	5,820
	14.000%	12/31/84	10,788
	14.000%	6/30/85	11,530
	14.000%	5/15/87	19,746
	14.000%	7/15/88	15,405
	14.125%	12/31/85	50,414
	14.500%	4/30/83	10,181
	14.625%	2/15/85	37,364
	14.625%	1/15/89	2,914
	15.625%	5/31/83	15,413
	16.000%	9/30/83	10,500
	16.250%	8/31/83	<u>26,156</u>
Total			\$353,618
U.S. Treasury Bonds:	9.125%	5/15/09	\$ 17,544
	10.000%	5/15/10	955
	10.375%	5/15/95	1,980
	10.375%	11/15/12	19,229
	14.000%	11/15/11	<u>1,267</u>
Total			\$ 40,975
U.S. Treasury Growth Receipts	0%	11/15/86	\$ 1,515

### SHORT TERM INVESTMENTS

	<u>Market Value*</u>
U.S. Treasury Bills	\$178,233
Certificate of Deposit	38,925
Commercial Paper	225,989
Repurchase Agreements	106,217
Cash	<u>39</u>
Total	\$549,403

## Mortgages and Mortgage Backed Securities

	<u>Market Value*</u>
PA Residential Mortgages	\$160,337
FHA Project Mortgages	135,525
FHA Project Pools:	
#12, 7.43%, 12/01/21	1
#16, 7.43%, 10/01/20	4
#23, 7.43%, 2/01/22	189
Banco Conventional Pass Through 11.609%, 08/01/11	1,686
PSFS 1982 Series A Pass Through 15.750%, 09/22/12	19,963
GNMA Pools:	
7.5%	1
8.0%	4,128
8.5%	798
9.5%	694
11.0%	7
11.0 GPM's	781
11.5%	941
12.5%	2,755
15.0%	2,891
FNMA Pools:	
7.5%	15,714
8.0%	7,940
8.5%	100,478
9.0%	30,727
9.5%	895
12.0%	293
12.5%	1
FHLMC Pools:	
6.0%	7,233
7.0%	3,512
7.5%	1,847
8.0%	11,761
8.5%	3,114
8.75%	7
9.0%	10,191
9.5%	4,017
10.0%	5
11.0%	12
<b>Total</b>	<b>\$528,448</b>

## COMMON STOCK

Issuer	<u># Shares</u>	<u>Market Value*</u>
		*(000's omitted)
ACF Inds Inc.	3,200	\$ 105
AMF Inc.	7,900	129
AMR Corp Del.	9,900	347
ARA Svcs Inc.	3,900	139
ASA Ltd.	3,300	235
Abbott Labs.	266,200	10,315
Acme Cleveland Corp.	1,500	27
Aetna Life & Cas Co.	31,800	1,157
Ahmanson H F & Co.	8,200	228
Air Products and Chemicals	367,500	13,368
Alberto Culver Co.	1,300	24
Alcan Alum Ltd.	28,700	800
Allied Corp.	12,100	392
Allied Stores Corp.	7,000	267
Allis Chalmers Corp.	4,300	42
Aluminum Co Amer.	26,300	815
Amax Inc.	21,800	474
American Brands Inc.	18,900	867
American Broadcasting Cos.	159,000	9,214
American Can Co.	6,500	201
American Cyanamid Co.	16,600	577
American Elec Pwr Inc.	55,500	985
American Express Co.	108,513	6,972
American Gen Corp.	58,400	3,234
American Home Prods Corp.	502,200	22,473
American Hosp Supply Corp.	124,300	5,003
American Intl Group Inc.	94,400	7,458
American Med Intl Inc.	11,300	414
American Mtrs Corp.	19,600	130
American Nat Res Co.	8,100	271
American Std Inc.	9,400	282
American Stores Co. New.	3,400	221
American Tel & Teleg Co.	836,471	49,665
AMP Inc.	12,200	831
Amstar Corp.	3,100	78
Amsted Inds Inc.	3,700	87
Anheuser Busch Cos Inc.	16,300	1,051
Apple Computer Inc.	19,100	578
Archer Daniels Midland Co.	26,300	565
Armco Inc.	21,500	352
Armstrong World Inds Inc.	8,500	210
Asarco Inc.	9,000	262
Ashland Oil	150,000	4,350
Associated Dry Goods Corp.	4,700	209
Atlantic Richfield Co.	382,300	16,057
Automatic Data Processing	11,600	429
Avnet Inc.	70,000	4,200
Avon Prods Inc.	124,500	3,330
Baker Intl Corp.	374,100	8,417
Bally Mfg Corp.	206,666	4,831



<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Baltimore Gas & Elec Co.	12,300	354
Bankamerica Corp.	299,700	6,031
Bankers TR N Y Corp.	9,000	334
Bard C R Inc. N J	5,100	154
Bassett Furniture Inds Inc.	2,300	92
Baxter Travenol Labs Inc.	23,800	1,151
Beatrice Foods Co.	133,700	3,142
Becton Dickinson & Co.	7,000	298
Beker Inds Corp.	4,100	25
Belco Petro.	20,000	473
Bemis Inc.	1,300	44
Beneficial Corp.	7,600	186
Best Products	10,000	250
Bethlehem Stl Corp.	15,100	291
Black & Decker Mfg. Co.	14,500	263
Block H & R	40,000	1,670
Blue Bell Inc.	4,400	137
Boeing Co.	32,500	1,101
Boise Cascade Corp.	79,200	3,089
Borden Inc.	9,600	457
Borg Warner Corp.	114,300	4,329
Briggs & Stratton Corp.	5,000	180
Bristol Myers Co.	22,700	1,527
Brooklyn Un Gas Co.	2,800	84
Brown & Sharpe Mfg Co.	1,100	13
Brown Forman Distillers	105,800	3,796
Brown Group Inc.	3,700	207
Browning Ferris Inds Inc.	31,600	1,687
Brunswick Corp.	4,000	100
Bucyrus Erie Co.	7,000	103
Burlington Inds Inc.	109,800	3,074
Burlington Northn Inc.	12,500	664
Burroughs Corp.	14,500	605
CBS Inc.	9,600	574
CNA Finl Corp.	16,800	292
CPC Intl Inc.	236,200	9,832
CSX Corp.	78,800	4,029
Campbell Red Lake Mines Ltd.	16,500	464
Campbell Soup Co.	11,100	537
Capital Cities Communications	4,500	538
Capital Hldg Corp Del.	9,300	328
Carnation Co.	12,700	562
Carolina Pwr & Light	45,000	968
Carter Hawley Hale Stores	10,300	161
Caterpillar Tractor Co.	79,600	3,194
Celanese Corp.	5,400	244
Centel Corp.	9,200	344
Centex Corp.	4,600	191
Central & South West Corp.	28,200	490
Champion Intl Corp.	78,900	1,874
Champion Spark Plug Co.	13,200	140
Chase Manhattan Corp.	11,500	564
Chemical New York Corp.	8,600	348
Chesebrough Ponds Inc.	311,300	14,009

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Chicago Pneumatic Tool Co.	1,700	23
Chubb Corp.	4,200	208
Churchs Fried Chicken Inc.	4,400	156
Cigna Corp.	25,300	1,120
Cincinnati Milacron Inc.	7,900	200
Citicorp	192,500	6,256
Clark Equip Co.	4,400	116
Clorox Co Calif.	108,200	2,678
Cluett Peabody & Co Inc.	2,800	60
Coca Cola Co.	196,100	10,197
Coleco Inds Inc.	2,600	96
Coleman Co.	17,200	507
Colgate Palmolive Co.	28,200	553
Collins & Aikman Corp.	3,500	74
Columbia Gas Sys Inc.	12,000	347
Combustion Engr Inc.	111,400	3,662
Commerce Clearing House	5,000	310
Commonwealth Edison Co.	46,100	1,164
Computer Sciences Corp.	4,600	88
Cone Mls Corp.	1,900	64
Consolidated Edison Co N Y	43,700	896
Consolidated Foods Corp.	159,500	7,197
Consolidated Freightways	4,600	230
Consolidated Nat Gas Co.	13,700	324
Continental Corp.	17,500	518
Continental Group Inc.	161,200	5,481
Continental Ill Corp.	13,600	277
Continental Telecom Inc.	21,100	364
Control Data Corp Del.	112,800	4,188
Cooper Inds Inc.	15,100	432
Coors Adolph Co.	12,100	148
Core Laboratories	30,000	360
Corning Glass Wks.	7,300	481
Cox Communications Inc.	9,800	419
Crane Co.	3,400	82
Cross & Trecker Corp.	4,300	87
Crown Cork & Seal Inc.	5,000	148
Crown Zellerbach Corp.	9,200	270
Cummins Engine Inc.	2,900	141
Dana Corp.	162,500	5,647
Dart & Kraft Inc.	18,400	1,260
Data Gen Corp.	3,700	147
Datapoint Corp.	6,800	125
Dayton Hudson Corp.	16,200	893
Deere & Co.	73,300	2,162
Delta Air Lines Inc.	13,700	606
Dennys Inc.	5,100	163
Detroit Edison Co.	34,700	455
Diamond Intl Corp.	4,700	208
Digital Equip Corp.	68,500	6,816
Disney Walt Productions	36,500	2,309
Dr. Pepper Co.	7,000	88
Dome Mines Ltd.	23,900	370
Donnelley RR & Sons	50,000	2,975

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Dow Chemical Co.	90,200	2,334
Dow Jones & Co Inc..	60,800	3,998
Dresser Inds Inc.	277,100	5,473
Du Pont E I De Nemours Co.	310,600	11,143
Duke Pwr Co.	131,800	3,064
Dun & Bradstreet Corp.	9,300	916
EG & G Inc.	30,000	848
E-Systems	70,000	3,518
Eastern Gas & Fuel Assoc.	7,800	169
Eastman Kodak Co.	164,200	14,121
Eaton Corp.	9,400	301
Echlin Inc.	7,000	137
Eckerd Jack Corp.	112,900	2,780
El Paso Co.	148,500	3,378
Electronic Data Sys Corp.	9,700	437
Emerson Elec Co.	23,300	1,410
Emery Air Fght Corp.	5,400	84
Enserch Corp.	218,500	4,152
Esmark Inc.	5,250	303
Ethyl Corp.	123,700	3,649
Evans Prods Co.	4,300	36
Ex Cell O Corp.	5,200	135
Exxon Corp.	295,000	8,776
FMC Corp.	11,200	361
Faberge Inc.	1,900	36
Federal Express Corp.	6,800	505
Federal Paper Brd Inc.	2,000	57
Federated Dept Stores Inc.	16,700	789
Fiduciary Growth Assoc.	20,773	2,229
Firestone Tire & Rubber Co.	292,600	5,413
First Bank System Inc.	106,000	3,803
First Charter Finl Corp.	10,300	184
First Chicago Corp.	13,800	250
First City Bancorp Texas	100,000	2,200
First Intst Bancorp	313,400	9,833
First Mississippi Corp.	7,000	60
First Natl Boston Corp.	6,600	223
First PA Corp.	5,500	28
Fleetwood Enterprises Inc.	3,900	159
Florida Pwr & Lt Co.	166,500	6,036
Florida Progress Corp.	100,000	1,900
Fluor Corp. Del.	26,900	525
Ford Motor Co Del.	40,600	1,578
Foster Wheeler Corp.	11,800	153
Fruehauf Corp.	4,200	119
Gannett Inc Del.	18,000	1,141
General Amern Oil Co Tex.	8,400	364
General Cinema Corp.	3,400	99
General Dynamics Corp.	18,500	611
General Elec Co.	365,700	34,696
General Foods Corp.	17,000	674
General Instr Corp.	10,400	517
General Mls Inc.	17,200	839

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
General Mtrs Corp.	307,100	19,156
General Signal Corp.	73,100	3,280
GTE Corp.	58,700	2,436
Genuine Parts Co.	12,200	552
Georgia Pac Corp.	108,300	2,843
Gerber Prods Co.	57,100	1,406
Getty Oil Co.	152,300	7,387
Gillette Co.	110,400	4,968
Global Marine Inc.	10,600	98
Goodrich B F Co.	6,100	196
Goodyear Tire & Rubber Co.	225,300	7,886
Gould Inc.	14,000	525
Grace W R & Co.	16,600	637
Grainger W W Inc.	4,900	262
Great Western Finl Corp.	192,300	5,264
Grumman Corp.	3,600	174
Gulf & Westn Inds Inc.	25,500	427
Gulf Oil Corp.	60,700	1,806
Halliburton Co.	374,700	13,255
Handleman Co Del.	1,500	29
Harcourt Brace Jovanovich	3,000	55
Harris Corp Del.	10,800	400
Hart Schaffner & Marx	3,000	111
Heileman G Brewing Inc.	4,600	183
Heinz H J Co.	53,100	2,144
Heller Walter E Intl Corp.	4,100	94
Hercules Inc.	14,700	406
Hershey Foods Inc.	32,100	1,810
Hewlett Packard Co.	241,700	17,644
Hilton Hotels Corp.	84,200	3,768
Holiday Inns Inc.	13,000	476
Homestake Mng Co.	5,900	327
Honeywell Inc.	107,500	9,178
Hospital Corp Amer.	68,700	3,813
Household Intl Inc.	16,200	373
Houston Industries	200,000	4,000
Hudson Bay Mng & Smlt Ltd.	3,500	47
Hughes Tool Co.	304,000	6,726
Humana Inc.	19,400	873
Hyster Co.	2,100	80
IC Inds Inc.	5,100	179
Ideal Basic Inds Inc.	4,700	88
Illinois Tool Works	30,000	1,178
Inco Ltd.	26,600	313
Ingersoll Rand Co.	6,700	265
Inland Steel Co.	7,200	187
Intel Corp.	15,100	585
Interco Inc.	4,900	299
Interfirst Corp.	417,300	9,650
Interlake Inc.	2,100	70
Intl Business Machs	637,000	61,311
Intl Flavors & Fragrances	12,600	348
Intl Minerals & Chem Corp.	234,100	7,520
International Paper Co.	17,100	827
Intl Tel & Teleg Co.	44,300	1,384

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Internorth Inc.	165,200	4,419
Jefferson Pilot Corp.	7,400	218
Jewel Cos Inc.	4,000	200
Johnson & Johnson	313,100	15,538
Jonathan Logan Inc.	1,600	36
Joy Mfg. Co.	6,800	161
K Mart Corp.	141,700	3,117
Kaiser Alum & Chem Corp.	14,800	224
Kaiser Cement Corp.	2,500	62
Kauffman & Broad Inc.	4,100	52
Kellogg Co.	26,300	700
Kennametal	15,000	431
Kimberly Clark Corp.	157,700	11,650
Knight Ridder Newspapers	85,200	4,217
Kroger Co.	109,700	4,319
Lance Inc.	16,000	412
Leaseway Transn Corp.	4,100	160
Lenox Inc.	10,000	468
Levi Strauss & Co.	14,200	547
Libbey Owens Ford Co.	3,800	114
Lilly Eli & Co.	25,600	1,472
Lincoln Natl Corp Ind.	7,200	322
Litton Inds Inc.	115,938	5,811
Lockheed Corp.	60,000	4,395
Lone Star Inds Inc.	3,800	116
Louisiana Ld & Expl Co.	13,100	277
Louisiana Pac Corp.	10,600	306
Lowenstein M Corp.	1,100	40
Lubrizol Corp.	179,200	3,360
Lucky Stores Inc.	17,300	303
M A Com Inc.	13,400	310
MCA Inc.	8,200	581
MCI Communications Corp.	32,700	1,189
MGM UA Entmt Co.	17,100	113
Macmillan Inc.	4,410	102
Macy R H & Co Inc.	161,300	9,839
Manufacturers Hanover Corp.	11,900	495
Marriott Corp.	9,000	527
Marsh & McLennan	50,000	2,063
Maryland Cup Corp.	14,300	633
MASCO Corp.	8,800	499
Masonite Corp.	1,400	67
Mattel Inc.	5,700	95
May Dept Stores Co.	10,000	471
Maytag Co.	4,800	181
McDermott Inc.	13,000	267
McDonalds Corp.	20,250	1,223
McDonnell Douglas Corp.	63,300	2,659
McGraw Edison Co.	5,800	228
McGraw Hill Inc.	8,600	647
Mead Corp.	9,100	171
Mellon Natl Corp.	6,800	258
Melville Corp.	8,900	630

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Mercantile Stores Inc.	2,000	232
Merck & Co Inc.	94,900	8,031
Meredith Corp.	1,100	95
Merrill Lynch & Co Inc.	114,100	6,846
Mesa Pete Co.	23,000	270
Mesa Royalty Trust	68,700	1,683
Metromedia Inc.	1,200	355
Middle South Utils Inc.	46,300	689
Milton Bradley Co.	2,500	61
Minnesota Mng & Mfg Co.	89,500	6,713
Missouri Pac Corp.	5,400	410
Mobil Corp.	219,700	5,520
Mohasco Corp.	2,300	37
Monarch Mach Tool Co.	1,200	23
Monsanto Co.	169,700	12,940
Morgan J P & Co Inc.	213,400	14,405
Motorola Inc.	62,200	5,411
NCNB Corp.	7,500	141
NCR Corp.	59,000	5,074
NL Inds Inc.	21,100	388
Nabisco Brands Inc.	21,800	801
National Can Corp.	3,200	74
National Distillers & Chem.	11,100	272
National Gypsum Co.	5,500	150
Natl Med Enterprises Inc.	16,200	470
Natl Semiconductor Corp.	7,900	174
National Stl Corp.	6,400	112
New England Elec Sys.	7,900	263
New York Times A	35,000	2,004
Newmont Mng Corp.	9,300	512
Niagara Mohawk Pwr Corp.	29,300	458
Norfolk Southern Corp.	21,100	1,155
North Amercn Coal Corp.	1,100	27
Northern Sts Pwr Co Minn.	70,100	2,103
Northern Telecom Ltd.	12,000	840
Northrup Corp.	150,000	11,306
Northwest Aircls Inc.	7,500	353
Northwest Bancorp	9,100	224
Northwest Inds Inc.	6,900	248
Norton Simon Inc.	10,900	262
Noxell Class B	5,000	256
Occidental Petroleum	32,100	606
Ohio Edison Co.	30,400	426
Oneok Inc.	4,000	107
Outboard Marine Corp.	102,900	2,971
Overnite Transn Co.	2,300	78
Owens Corning Fiberglass	10,600	398
Owens Ill Inc.	9,800	277
PPG Inds Inc.	11,800	611
Pabst Brewing Co.	2,800	59
Paccar Inc.	3,100	255
Pacific Gas & Elec Co.	44,600	1,254
Pacific Ltg Corp.	9,100	258
Pall Corp.	6,666	240

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Panhandle Eastn Corp.	14,100	370
Peabody Intl Corp.	3,700	31
Penney J C Inc.	149,600	7,237
Pennzoil Co.	110,900	3,895
Peoples Energy Corp.	10,300	102
Pepsico Inc.	201,300	7,196
Perkin Elmer Corp.	14,600	414
Petrolane Inc.	150,000	2,081
Petrolite Co.	10,000	310
Pfizer Inc.	25,300	1,743
Phelps Dodge Corp.	7,500	211
Phibro Salomon	223,500	11,063
Philadelphia Elec Co.	39,500	672
Philip Morris Inc.	292,300	17,538
Phillips Pete Co.	251,500	8,205
Pillsbury Co.	7,500	375
Pitney Bowes Inc.	84,400	3,861
Pittston Co.	13,100	180
Polaroid Corp.	10,500	265
Potlatch Corp.	5,300	195
Premier Industrial	5,000	138
Procter & Gamble Co.	177,900	21,037
Public Svc Co Ind Inc.	114,600	2,851
Public Svc Elec & Gas Co.	30,000	698
Quaker Oats Co.	6,700	287
RCA Corp.	176,000	3,960
Ralston Purina Co.	35,900	628
Ramada Inns Inc.	9,400	48
Raymond Intl.	65,000	845
Raytheon Co.	28,400	1,271
Reading & Bates Corp.	9,600	130
Redman Inds Inc.	3,400	67
Republic Stl Corp.	5,600	88
Revco D S Inc.	17,100	693
Revlon Inc.	11,300	342
Rexnord Inc.	6,900	79
Reynolds Metals Co.	6,800	173
Reynolds R J Inds Inc.	35,200	1,795
Rite Aid Corp.	14,800	685
Roadway Svcs Inc.	6,800	389
Rockwell Intl Corp.	125,800	5,347
Rohm & Haas Co.	4,400	343
RoIm Corp.	5,900	299
Roper Corp.	1,100	24
Royal Crown Cos Inc.	2,800	56
Royal Dutch Pete Co.	90,100	3,120
Rubbermaid Inc.	20,000	600
Ryder System Inc.	100,000	5,025
SCA Services	200,000	3,550
SFN Cos Inc.	3,600	115
Safeco Corp.	149,000	7,748
Safeway Stores Inc.	159,000	7,274
St. Paul Cos Inc.	192,200	11,748
St. Regis Paper Co.	11,800	291

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
San Diego Gas & Elec.	300,000	5,175
Santa Fe Inds Inc.	30,700	691
Schering Plough Corp.	18,300	721
Schlumberger Ltd.	98,700	4,602
Scientific Atlanta Inc.	8,000	128
Scott Paper	114,700	2,323
Seagram Ltd.	10,200	752
Searle G D & Co.	16,900	699
Sears Roebuck & Co.	217,900	6,564
Sedco Inc.	8,100	237
Shell Oil Co.	103,900	3,844
Sherwin Williams Co.	3,400	150
Signal Cos Inc.	84,900	2,123
Singer Co.	5,700	108
Skyline Corp.	3,900	94
Smithkline Beckman Corp.	368,600	25,433
Snap On Tools Corp.	7,000	189
Sonat Inc.	214,100	5,674
Southern Calif Edison Co.	234,626	8,241
Southern Co.	65,800	1,028
Southern Pac Co.	79,500	2,882
Southwest Airlines Co.	75,000	3,994
Southwestern Pub Serv.	200,000	3,375
Sperry Corp.	148,500	4,993
Springs Inds Inc.	3,000	118
Square D Co.	9,300	319
Squibb Corp.	17,200	761
Standard Oil Co Calif.	415,000	13,280
Standard Oil of Ind.	398,300	15,832
Standard Oil of Ohio	82,700	2,946
Stanley Wks.	9,100	223
Stauffer Chem Co.	15,200	353
Sterling Drug Inc.	145,900	3,283
Stevens J P & Co Inc.	5,000	108
Stokely Van Camp Inc.	900	43
Stone Container Corp.	3,300	63
Storage Technology Corp.	11,500	244
Sun Inc.	40,000	1,255
Superior Oil Co.	142,900	4,108
TRW Inc.	11,500	778
Taft Broadcasting Co.	3,300	131
Tampax Inc.	10,000	503
Tandem Computers Inc.	70,000	1,776
Tandy Corp.	234,900	11,921
Teco Energy	190,000	3,943
Tektronix Inc.	6,500	375
Teledyne Inc.	7,000	906
Tenneco Inc.	44,400	1,437
Texaco Inc.	359,000	11,174
Texas Eastern Corp.	258,800	15,010
Texas Gas Transmission Corp.	7,000	186
Texas Instrs Inc.	8,000	1,077
Texas Oil & Gas Corp.	32,100	1,091
Texas Utils Co.	240,000	5,640



<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Textron Inc.	11,700	278
Thomas & Betts Corp.	2,700	142
Tiger Intl Inc.	5,800	49
Time Inc.	17,100	891
Times Mirror Co.	11,600	724
Timken Co.	3,900	198
Tonka Corp.	400	7
Torchmark	170,000	4,441
Trane Co.	3,500	103
Transamerica Corp.	22,300	521
Travelers Corp.	29,000	700
Tymshare Inc.	4,100	74
UAL Inc.	10,200	339
US Air Inc.	150,000	4,988
USF & G Corp.	9,900	449
Unilever N V	11,000	806
Union Camp Corp.	8,400	506
Union Carbide Corp.	85,140	4,502
Union Oil Co Calif.	158,400	4,217
Union Pac Corp.	32,500	1,528
Uniroyal Inc.	9,200	108
United States Gypsum Co.	5,700	288
U S Home Corp.	5,400	146
United States Stl Corp.	31,300	657
U S Tobacco	10,000	704
United Technologies Corp.	17,900	1,014
United Telecommunications	356,600	7,444
Upjohn Co.	10,400	482
US Life Corp.	6,400	147
V F Corp.	5,600	222
Virginia Elec & Pwr Co.	38,100	548
Wachovia Corp.	50,000	1,594
Wal Mart Stores Inc.	22,300	1,112
Walgreen Co.	5,200	292
Walker Hiram Res Ltd.	23,900	382
Walter Jim Corp.	5,700	209
Wang Labs Inc.	20,200	1,192
Warner Communications Inc.	96,100	3,219
Warner Lambert Co.	26,900	760
Waste Mgmt Inc.	14,800	792
Weatherford Intl.	40,000	405
Wendys Intl Inc.	13,200	193
West Point Pepperell Inc.	3,500	134
Western Co. North Amer.	15,400	137
Westinghouse Elec Corp.	29,400	1,143
Westmoreland Coal Co.	2,400	35
Westvaco Corp.	9,000	233
Weyerhaeuser Co.	42,900	1,544
Wheelabrator Frye Inc.	56,000	2,716
Wheeling Pittsburgh Stl.	1,400	21
Whirlpool Corp.	12,500	547
White Cons Inds Inc.	4,600	166
Williams Cos.	110,300	1,875
Winn Dixie Stores Inc.	43,500	1,947

<u>Issuer</u>	<u># Shares</u>	<u>Market Value*</u>
Wisconsin Elec Pwr Co.	10,900	\$ 248
Woods Petroleum	20,000	438
Woolworth F W Co.	10,400	269
Wrigley WM Jr. Co.	2,700	109
Xerox Corp.	29,100	1,088
Yellow Fght Sys Inc.	4,900	93
Zenith Radio Corp.	6,500	93
Zurn Inds Inc.	<u>2,000</u>	<u>58</u>
Total	31,304,703	\$1,264,733

PREFERRED STOCK

Coopers Industries Inc.	50,000	1,750
Wheelabrator Frye Inc.	<u>24,000</u>	<u>1,080</u>
	74,000	\$ 2,830

Summary of Investments by Asset Type

December 31, 1982

<u>Asset Type</u>	<u>Market Value</u>
Common Stock & Preferred Stock	\$1,267,563
Convertible Bonds	14,292
Corporate Bonds & Notes	749,755
U.S. Government Obligations	396,108
Mortgages and Mortgage Backed Securities	528,448
Cash & Short-Term Investments	<u>549,403</u>
Total (Cost: \$3,818,433)	\$3,505,569

## Glossary

Common stock - securities which represent an ownership interest in a corporation.

Convertible bonds - bonds which are convertible into the common stock of a corporation at a prescribed price or ratio at the option of the holder, who is a creditor of the issuer, and who may share in additional profits over and above the coupon rate, if the company prospers.

Corporate bond - a debt security issued by a corporation obligating the issuer to repay a stated sum, the par value, at a specified date in the future; the issuer obligates itself to pay a stipulated amount of interest to the bond-holders for the privilege of using their money.

Corporate installment notes - a debt instrument similar to a corporate bond, with repayment of the principal occurring periodically over the life of the note.

Coupon - the annual rate of interest guaranteed to be paid on a fixed income investment.

Fixed income investment - any investment which provides a constant rate of income which does not fluctuate.

Market value - The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

Maturity - the date on which a bond, mortgage, or other debt instrument becomes due and is to be paid off.

Mortgage - an investment which is secured by an interest in real property and which requires the periodic payment of principal and interest to the investor.

Mortgage-backed security - bonds which are a general obligation of the issuing institution but are also secured by an interest in a pool of mortgages.

Preferred stock - securities which represent an ownership interest in a corporation, but which have a senior claim on the assets of the corporation over common stock; dividends on preferred stock are generally fixed whereas dividends on common stock may fluctuate depending upon company earnings.

Short-term investments - investments which have a final maturity of one year or less.

U.S. Government obligations - debt instruments issued by the U.S. Treasury and backed by the full faith and credit of the U.S. Government.

SERS  
Administrative Budget Summary

<u>State Employees' Retirement Fund</u>	<u>Administrative Expense (000's Omitted)</u>		
	<u>Proposed 1983-84</u>	<u>Authorized 1982-83</u>	<u>Actual 1981-82</u>
<u>Personnel Expense</u>	<u>\$ 2,118</u>	<u>\$ 1,936</u>	<u>\$ 1,556</u>
This expense category includes amounts required to fund salaried positions, employee benefits, and out-service training.			
Number of full-time positions	<u>82</u>	<u>80</u>	<u>80</u>
<u>Operating Expense</u>			
Investment advisors and investment related expense.	\$ 2,543	\$ 1,442	\$ 828
This category provides funding for investment advisors, evaluation services, and a contracted investment accounting and control system. The proposed budget for 1983-84 includes additional funding for advisors which will allow the Board to contract for specialized investment advisory services and complete implementation of Act 45.			
<u>Required Operational Services:</u>			
State Treasury	280	257	205
Actuarial services	75	69	58
Auditor General	50	90	26
Comptroller's Operations	50	48	45
Other - Personnel, purchasing, etc.	56	37	33
<u>Benefits Administration and Overhead:</u>			
Postage and printing	205	225	202
Legal services	164	228	77
Data processing	140	127	261
Office expense	123	105	96
Independent audit	44	44	60
Medical review services	<u>36</u>	<u>36</u>	<u>13</u>
Total Operating Expense	<u>\$ 3,766</u>	<u>\$ 2,708</u>	<u>\$ 1,904</u>
<u>Fixed Assets</u>			
Equipment and furniture	35	35	61
Total State Employees' Retirement Fund	<u>\$ 5,919</u>	<u>\$ 4,679</u>	<u>\$ 3,521</u>
<u>General Fund</u>	<u>Appropriation Amount (000's Omitted)</u>		
National Guard Technician - Employers' Contribution	\$ 1,157	\$ 1,157	\$ 1,157
Prior Obligations on Employers' Retirement Payments	-0-	-0-	408
Total General Fund	<u>\$ 1,157</u>	<u>\$ 1,157</u>	<u>\$ 1,565</u>

General Fund Appropriation Description:

National Guard Technicians represents the amount required to cure the deficiency in employer contributions made by the Federal Government on behalf of civilian technicians of the National Guard who are members of the SERS.

Prior Obligations of Employers' Retirement Payments represents the payment to the Fund of contributions due from the 1978 assessment of the Auditor General.

## Comparative Statistics

### Membership in SERS

<u>As of December 31</u>	<u>Active Members</u>	<u>Retirees and Beneficiaries</u>	<u>Total</u>	<u>Ratio Active/Retired</u>
1982	119548	55591	175139	2.2/1
1981	119724	52526	172250	2.3/1
1980	121973	48783	170756	2.5/1
1979	124812	46137	170949	2.7/1
1978	127417	41997	169414	3.0/1
1977	127183	37811	164994	3.4/1
* * *	* * *	* * *	* * *	* * *
1972	121507	24693	146200	4.9/1

Annualized average rate of increase (decrease) 1977-1982:

Total membership	:	1.2%
Active membership	:	(1.17%)
Retirees and beneficiaries	:	8.01%

### Benefit payments

<u>Year</u>	<u>Total benefits paid<sup>1</sup></u>	<u>Average monthly retirement benefit</u>
1982	343,867,133	361.34
1981	327,431,102	356.06
1980	293,631,679	351.98
1979	258,976,617	345.42
1978	212,824,229	291.31
1977	185,395,663	262.53

<sup>1</sup>Includes retirement, disability and death benefits and members' withdrawals.

Annualized average rate of increase 1977-1982 : 13.15%

### Contributions

<u>Year</u>	<u>Employer</u>	<u>Employee</u>
1982		
1981	325,687,928	116,283,066
1980	305,547,110	110,531,173
1979	268,143,029	105,480,295
1978	254,135,276	104,424,657
1977	197,634,617	98,594,323

## Member Employers

Administrative Office of PA Courts  
Department of Aging  
Department of Agriculture  
Allegheny County Community College  
Appalachian Regional Commission  
Auditor General

Department of Banking  
Berks County Intermediate Unit #14  
Bloomsburg State College - College Store  
Bucks County Community College  
Bucks County Department of Health  
\*Bucks County Intermediate Unit #22  
Butler County Community College

California State College - Student Association, Inc.  
Central Susquehanna Intermediate Unit #16  
\*Chester County Health Department  
Cheyney State College - Student Government Cooperative Assn.  
Civil Service Commission  
Clarion Manor Intermediate Unit #6  
Clarion State College - Students Association  
Department of Commerce  
Department of Community Affairs  
Correction, Bureau of  
Crime Commission

Delaware River Joint Toll Bridge Commission (free)  
Delaware River Joint Bridge Commission (toll)  
Delaware River Port Authority  
Delaware Valley Regional Planning Commission

East Stroudsburg State College - Student Activities Assn.  
Edinboro State College - Student Government Activities  
Department of Education  
Department of Environmental Resources  
\*Erie County Department of Health  
Executive Offices

Fish Commission

Game Commission  
Department of General Services  
Governor's Office

Harness Racing Commission  
Harrisburg Area Community College  
Department of Health  
Higher Education Assistance Agency

\*No new entrants in these agencies after 11/27/82, per Act 1982-204.

## Member Employers

Historical & Museum Commission  
Horse Racing Commission  
House Appropriation Committee (D)  
House Appropriation Committee (R)  
House of Representatives  
House Special Leadership Account (D)  
House Special Leadership Account (R)  
Human Relations Commission

Indiana University - Student Cooperative Assn., Inc.  
Insurance Department

Joint Legislative Conservation Committee  
Joint State Government Commission

Kutztown State College - Student Government Assn.

Department of Labor & Industry  
Lancaster Lebanon Intermediate Unit #13  
Legislative Budget & Finance Committee  
Legislative Data Processing  
Legislative Reference Bureau  
Lehigh County Community College  
Lieutenant Governor's Office  
Lincoln Intermediate Unit #12  
Liquor Control Board  
Local Government Commission  
Lock Haven State College - Students Cooperative Council  
Luzerne County Intermediate Unit #18

Mansfield State College - Student Services  
Department of Military Affairs  
Milk Marketing Board  
Millersville State College - Student Services, Inc.  
Montgomery County Community College

National Guard Technician  
Northampton County Area Community College

Office of Research and Liaison  
Office of Attorney General

Pennsylvania Emergency Management Agency  
Pennsylvania Housing Finance Agency  
Pennsylvania Municipal Retirement Board  
Pennsylvania Public Television Network Commission  
Pennsylvania Securities Commission  
Pennsylvania State University  
Philadelphia Community College  
Port Authority Transit Corporation  
Probation & Parole Board

## Member Employers

Public School Building Authority  
Public School Employees' Retirement System  
Public Utility Commission  
Department of Public Welfare

Reading Area Community College  
Department of Revenue

Senate  
Senate Minority Appropriation Committee  
Senate Democratic Leader's Expenses  
Senate Majority & Minority Legislative Management Commission  
Senate Appropriations Committee (R)  
Senate Special Leadership (R)  
Shippensburg State College - College Store  
Slippery Rock State College - Cooperative Activities

Department of State  
State Employees' Retirement System  
State Ethics Commission  
State Police  
State Tax Equalization Board  
Susquehanna River Basin Commission

Department of Transportation  
Treasury  
Turnpike Commission

University of Pittsburgh

West Chester State College - Intra Collegiate Government  
Westmoreland County Community College  
Williamsport Area Community College