

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**

**No. 2562** Session of  
2006

INTRODUCED BY NICKOL, BOYD, CALTAGIRONE, CAPPELLI, CLYMER,  
CRAHALLA, CREIGHTON, DENLINGER, FAIRCHILD, FICHTER,  
GILLESPIE, GINGRICH, GRELL, GRUCELA, HANNA, HARHART, HERSHEY,  
M. KELLER, MACKERETH, MAITLAND, R. MILLER, MUSTIO, NAILOR,  
PETRI, PHILLIPS, ROHRER, ROSS, RUBLEY, SATHER, SAYLOR,  
SCAVELLO, SCHRODER, SIPTROTH, B. SMITH, SONNEY, E. Z. TAYLOR,  
J. TAYLOR, WATERS, WILT AND JAMES, APRIL 3, 2006

REFERRED TO COMMITTEE ON STATE GOVERNMENT, APRIL 3, 2006

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, further providing for the  
3 employer contribution rates on behalf of active members.

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

6 Section 1. Section 8328(a) of Title 24 of the Pennsylvania  
7 Consolidated Statutes is amended to read:

8 § 8328. Actuarial cost method.

9 (a) Employer contribution rate on behalf of active  
10 members.--The amount of the total employer contributions on  
11 behalf of all active members shall be computed by the actuary as  
12 a percentage of the total compensation of all active members  
13 during the period for which the amount is determined and shall  
14 be so certified by the board. The total contribution rate on  
15 behalf of all active members shall consist of the normal  
16 contribution rate as defined in subsection (b), the accrued

1 liability contribution rate as defined in subsection (c) and the  
2 supplemental annuity contribution rate as defined in subsection  
3 (d). Beginning July 1, 2004, the total contribution rate shall  
4 be modified by the experience adjustment factors as calculated  
5 in subsection (e) but in no case shall it be less than:

6       (1) 4% plus the premium assistance contribution rate[.]  
7       for the fiscal year beginning July 1, 2004;

8       (2) 7% plus the premium assistance contribution rate for  
9       the fiscal year beginning July 1, 2007; and

10       (3) the employer normal contribution rate plus the  
11       premium assistance contribution rate for the fiscal year  
12       beginning July 1, 2008, and thereafter.

13       \* \* \*

14       Section 2. Section 5508(a) of Title 71 is amended to read:

15       § 5508. Actuarial cost method.

16       (a) Employer contribution rate on behalf of active  
17 members.--The amount of the Commonwealth and other employer  
18 contributions on behalf of all active members shall be computed  
19 by the actuary as a percentage of the total compensation of all  
20 active members during the period for which the amount is  
21 determined and shall be so certified by the board. The total  
22 employer contribution rate on behalf of all active members shall  
23 consist of the employer normal contribution rate, as defined in  
24 subsection (b), and the accrued liability contribution rate as  
25 defined in subsection (c). The total employer contribution rate  
26 shall be modified by the experience adjustment factor as  
27 calculated in subsection (f) but in no case shall it be less  
28 than zero. The total employer contribution rate shall be  
29 modified by the experience adjustment factor as calculated in  
30 subsection (f), but in no case shall it be less than:

- 1 (1) 2% for the fiscal year beginning July 1, 2004;  
2 (2) 3% for the fiscal year beginning July 1, 2005; [and]  
3 (3) 4% for the fiscal year beginning July 1, 2006[.];  
4 (4) 5% for the fiscal year beginning July 1, 2007;  
5 (5) 6% for the fiscal year beginning July 1, 2008; and  
6 (6) the employer normal contribution rate for the fiscal  
7 year beginning July 1, 2009, and thereafter.

8 \* \* \*

9 Section 3. This act shall take effect in 60 days.