

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1625 Session of
2003

INTRODUCED BY BARD, SATHER, HESS, HORSEY, BROWNE, CAPPELLI,
CREIGHTON, DALEY, FREEMAN, GOODMAN, GRUCELA, HARHAI,
HENNESSEY, HUTCHINSON, MACKERETH, MELIO, PAYNE, SCHRODER,
SEMMELE, B. SMITH, SOLOBAY, TIGUE, TURZAI AND YOUNGBLOOD,
JUNE 16, 2003

REFERRED TO COMMITTEE ON EDUCATION, JUNE 16, 2003

AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated
2 Statutes, further providing for contributions by the
3 Commonwealth, for payments by employers, for duties of
4 employers and for payments to school entities by the
5 Commonwealth.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Sections 8326 and 8327 of Title 24 of the
9 Pennsylvania Consolidated Statutes are amended by adding
10 subsections to read:

11 § 8326. Contributions by the Commonwealth.

12 * * *

13 (d) Contributions after June 30, 2003.--

14 (1) The Commonwealth shall make contributions into the
15 fund on behalf of all active members, including members on
16 activated military service leave, for service performed after
17 June 30, 2003, in an amount equal to the full amount
18 certified by the board as necessary to provide, together with

1 the members' contributions, reserves on account of
2 prospective annuities as provided in this part in accordance
3 with section 8328(a), (b), (c) and (e).

4 (2) The Commonwealth shall make contributions into the
5 fund on behalf of annuitants for all amounts due to the fund
6 after June 30, 2003, in an amount equal to the full amount
7 certified by the board as necessary to provide supplemental
8 annuities and the premium assistance program as provided in
9 this part in accordance with section 8328(d) and (f).

10 § 8327. Payments by employers.

11 * * *

12 (d) Payments by employers after June 30, 2003.--After June
13 30, 2003, no employer, including the Commonwealth as employer of
14 employees of the Department of Education, State-owned colleges
15 and universities, Thaddeus Stevens State School of Technology,
16 Pennsylvania State Oral School for the Deaf, Scotland School for
17 Veterans' Children and the Pennsylvania State University, shall
18 make payments to the fund pursuant to this section, except for
19 payments based on compensation paid to employees on or prior to
20 June 30, 2003.

21 Section 2. Sections 8506(c) and 8535 of Title 24 are amended
22 to read:

23 § 8506. Duties of employers.

24 * * *

25 (c) Member and employer contributions.--The employer shall
26 certify to its treasurer the required member contributions
27 picked up and any other contributions, including, but not
28 limited to, amounts collected for the State Employees'
29 Retirement Board for the reinstatement of previous State service
30 or creditable nonstate service and amounts paid to return

1 benefits paid after the date of return to State service or
2 entering school service, deducted from each payroll. On July 1,
3 1996, and upon any later effective date of employment of any
4 noneligible member to whom limitations under IRC § 401(a)(17) or
5 415(b) applies or is expected to apply, the employer shall
6 identify to its treasurer or other payroll administrator the
7 member or members to whom such limit applies or may apply and
8 shall cause any such member's contributions deducted from
9 payroll [and the employer's contribution on his behalf] to cease
10 at the limitations under IRC § 401(a)(17) or 415(b) on the
11 payroll date if and when such limit shall be reached. The
12 treasurer shall remit to the secretary of the board each month
13 the total of the member contributions [and the amount due from
14 the employer determined in accordance with section 8327
15 (relating to payments by employers)]. If, upon crediting the
16 remittance of a noneligible member's contributions to the
17 member's savings account, the board shall determine that such
18 account shall have been credited with pickup contributions
19 attributable to compensation which is in excess of the annual
20 compensation limit under IRC § 401(a)(17) or 415(b), or with
21 total member contributions for such member which would cause
22 such member's contributions or benefits to exceed any applicable
23 limitation on contributions or benefits under IRC § 401(a)(17)
24 or 415(b), the board shall as soon as practicable refund to the
25 member from his individual member account such amount, together
26 with the statutory interest thereon, as will cause the member's
27 total member contributions not to exceed the applicable limit.
28 The payment of any such refund to the member shall be charged to
29 the member's savings account.

30 * * *

§ 8535. Payments to school entities by Commonwealth.

(a) General rule.--For each school year beginning with the 1995-1996 school year, each school entity shall be paid by the Commonwealth for contributions based upon school service of active members of the system after June 30, 1995, as follows:

(1) The Commonwealth shall pay each school entity for contributions made to the Public School Employees' Retirement Fund based upon school service of all active members, including members on activated military service leave, whose effective dates of employment with their school entities are after June 30, 1994, and who also had not previously been employed by any school entity within this Commonwealth an amount equal to the amount certified by the Public School Employees' Retirement Board as necessary to provide, together with the members' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328 (relating to actuarial cost method), multiplied by the market value/income aid ratio of the school entity. For no school year shall any school entity receive less than the amount that would result if the market value/income aid ratio as defined in section 2501(14.1) of the Public School Code of 1949 was 0.50.

(2) The Commonwealth shall pay each school entity for contributions made to the Public School Employees' Retirement Fund based upon school service of all active members, including members on activated military service leave, who are not described in paragraph (1), one-half of the amount certified by the Public School Employees' Retirement Board as necessary to provide, together with the members'

1 contributions, reserves on account of prospective annuities,
2 supplemental annuities and the premium assistance program as
3 provided in this part in accordance with section 8328.

4 (3) School entities shall have up to five days after
5 receipt of the Commonwealth's portion of the employer's
6 liability to make payment to the Public School Employees'
7 Retirement Fund.

8 (b) No payments after 2003-2004 school year.--For each
9 school year beginning with the 2003-2004 school year the
10 Commonwealth shall make no payments to school entities under
11 this section.

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