

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1103 Session of  
2007

INTRODUCED BY MANN, BEYER, BAKER, BARRAR, BELFANTI, BIANCUCCI, BUXTON, CALTAGIRONE, COHEN, CREIGHTON, DALLY, EVERETT, FABRIZIO, FAIRCHILD, FRANKEL, GEIST, GEORGE, GIBBONS, GINGRICH, GOODMAN, HENNESSEY, HERSHEY, HESS, HORNAMAN, JAMES, W. KELLER, KILLION, KING, KIRKLAND, KORTZ, KOTIK, KULA, LEACH, MARKOSEK, McILHATTAN, McILVAINE SMITH, MURT, MYERS, NAILOR, M. O'BRIEN, PAYNE, PETRARCA, PHILLIPS, PYLE, RAPP, READSHAW, REICHLEY, SAYLOR, SCAVELLO, SOLOBAY, SURRA, THOMAS, VULAKOVICH, WANSACZ, YOUNGBLOOD AND YUDICHAK, APRIL 18, 2007

REFERRED TO COMMITTEE ON FINANCE, APRIL 18, 2007

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, further providing for  
3 creditable nonschool service, for contributions for purchase  
4 of credit for creditable nonschool service, for creditable  
5 nonstate service and for contributions for the purchase of  
6 credit for creditable nonstate service.

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

9 Section 1. Sections 8304(a) and 8324(b) of Title 24 of the  
10 Pennsylvania Consolidated Statutes are amended to read:

11 § 8304. Creditable nonschool service.

12 (a) Eligibility.--An active member or a multiple service  
13 member who is an active member of the State Employees'  
14 Retirement System shall be eligible to receive Class T-C service  
15 credit for creditable nonschool service [and], Class T-D service  
16 for intervening military service and military service described

1 in subsection(b)(2), provided the member becomes a Class T-D  
2 member pursuant to section 8305.1 (relating to election to  
3 become a Class T-D member) or 8305 (relating to classes of  
4 service), as set forth in subsection (b) provided that he is not  
5 entitled to receive, eligible to receive now or in the future,  
6 or is receiving retirement benefits for such service under a  
7 retirement system administered and wholly or partially paid for  
8 by any other governmental agency or by any private employer, or  
9 a retirement program approved by the employer in accordance with  
10 section 8301(a)(1) (relating to mandatory and optional  
11 membership), and further provided that such service is certified  
12 by the previous employer and the manner of payment of the amount  
13 due is agreed upon by the member, the employer, and the board.

14 \* \* \*

15 § 8324. Contributions for purchase of credit for creditable  
16 nonschool service.

17 \* \* \*

18 (b) Nonintervening military service.--The amount due for the  
19 purchase of credit for military service other than intervening  
20 military service shall be determined by applying the member's  
21 basic contribution rate plus the normal contribution rate as  
22 provided in section 8328 (relating to actuarial cost method) at  
23 the time of entry of the member into school service subsequent  
24 to such military service to one-third of his total compensation  
25 received during the first three years of such subsequent  
26 credited school service and multiplying the product by the  
27 number of years and fractional part of a year of creditable  
28 nonintervening military service being purchased together with  
29 statutory interest during all periods of subsequent school and  
30 State service to date of purchase. Upon certification of the

1 amount due, payment may be made in a lump sum within 90 days or  
2 in the case of an active member or an eligible State employee  
3 who is an active member of the State Employees' Retirement  
4 System it may be amortized with statutory interest through  
5 salary deductions in amounts agreed upon by the member and the  
6 board. The salary deduction amortization plans agreed to by  
7 members and the board may include a deferral of payment amounts  
8 and statutory interest until the termination of school service  
9 or State service as the board in its sole discretion decides to  
10 allow. The board may limit salary deduction amortization plans  
11 to such terms as the board in its sole discretion determines. In  
12 the case of an eligible State employee who is an active member  
13 of the State Employees' Retirement System, the agreed upon  
14 salary deductions shall be remitted to the State Employees'  
15 Retirement Board, which shall certify and transfer to the board  
16 the amounts paid. Application may be filed for all such military  
17 service credit upon completion of three years of subsequent  
18 credited school service and shall be credited as Class [T-C] T-D  
19 service.

20 \* \* \*

21 Section 2. Sections 5304(a) and 5505(b)(1) of Title 71 are  
22 amended to read:

23 § 5304. Creditable nonstate service.

24 (a) Eligibility.--An active member or a multiple service  
25 member who is a school employee and an active member of the  
26 Public School Employees' Retirement System shall be eligible for  
27 Class A service credit for creditable nonstate service as set  
28 forth in subsections (b) and (c) except that intervening  
29 military service and military service as set forth in subsection  
30 (c)(2) shall be credited [in the class of service for which the

1 member was eligible at the time of entering into military  
2 service and for which he] as Class AA service, provided that the  
3 member makes the required contributions and except that a  
4 multiple service member who is a school employee and an active  
5 member of the Public School Employees' Retirement System shall  
6 not be eligible to purchase service credit for creditable  
7 nonstate service set forth in subsection (c)(5).

8 \* \* \*

9 § 5505. Contributions for the purchase of credit for creditable  
10 nonstate service.

11 \* \* \*

12 (b) Nonintervening military service.--

13 (1) The amount due for the purchase of credit for  
14 military service other than intervening military service  
15 shall be determined by applying the member's basic  
16 contribution rate, the additional contribution rate plus the  
17 Commonwealth normal contribution rate for active members at  
18 the time of entry, subsequent to such military service, of  
19 the member into State service to his average annual rate of  
20 compensation over the first three years of such subsequent  
21 State service and multiplying the result by the number of  
22 years and fractional part of a year of creditable  
23 nonintervening military service being purchased together with  
24 statutory interest during all periods of subsequent State and  
25 school service to date of purchase. Upon application for  
26 credit for such service, payment shall be made in a lump sum  
27 within 30 days or in the case of an active member or eligible  
28 school employee who is an active member of the Public School  
29 Employees' Retirement System it may be amortized with  
30 statutory interest through salary deductions in amounts

1 agreed upon by the member and the board. The salary deduction  
2 amortization plans agreed to by members and the board may  
3 include a deferral of payment amounts and statutory interest  
4 until the termination of school service or State service as  
5 the board in its sole discretion decides to allow. The board  
6 may limit salary deduction amortization plans to such terms  
7 as the board in its sole discretion determines. In the case  
8 of an eligible school employee who is an active member of the  
9 Public School Employees' Retirement System, the agreed upon  
10 salary deductions shall be remitted to the Public School  
11 Employees' Retirement Board, which shall certify and transfer  
12 to the board the amounts paid. Application may be filed for  
13 all such military service credit upon completion of three  
14 years of subsequent State service and shall be credited as  
15 Class [A] AA service.

16 \* \* \*

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