

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 138 Session of
2007

INTRODUCED BY RHOADES, GREENLEAF, WONDERLING, KITCHEN, BOSCOLA,
FONTANA, CORMAN, TARTAGLIONE, KASUNIC, ROBBINS, STACK,
M. WHITE AND LOGAN, MARCH 5, 2007

REFERRED TO FINANCE, MARCH 5, 2007

AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated
2 Statutes, further providing for definitions and for credited
3 school service; providing for optional creditable sick leave;
4 and further providing for member contributions for creditable
5 school service.

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

8 Section 1. The definition of "creditable service" in section
9 8102 of Title 24 of the Pennsylvania Consolidated Statutes is
10 amended and the section is amended by adding a definition to
11 read:

12 § 8102. Definitions.

13 The following words and phrases when used in this part shall
14 have, unless the context clearly indicates otherwise, the
15 meanings given to them in this section:

16 * * *

17 "Creditable sick leave." Number of days credited to a school
18 employee by his or her employer which may be used during the
19 illness or injury of the employee but has not been used by the

1 employee prior to his or her effective date of retirement.

2 "Credited service." School or creditable nonschool service
3 for which the required contributions have been made, or for
4 which the contributions otherwise required for such service were
5 not made solely by reason that no compensation was received for
6 creditable sick leave or solely by reason of any provision of
7 this part relating to the limitations under section 401(a)(17)
8 or 415(b) of the Internal Revenue Code of 1986 (Public Law 99-
9 514, 26 U.S.C. § 401(a)(17) or 415(b)), or for which salary
10 deductions or lump sum payments have been agreed upon in
11 writing.

12 * * *

13 Section 2. Sections 8302 and 8323 of Title 24 are amended to
14 read:

15 § 8302. Credited school service.

16 (a) Computation of credited service.--In computing credited
17 school service of a member for the determination of benefits, a
18 full-time salaried school employee shall receive one year of
19 credit for each school year or the corresponding fraction
20 thereof, in accordance with the proportion of the full school
21 year for which the required regular member contributions have
22 been made, or for which such contributions otherwise required
23 for such service were not made solely by reason of any provision
24 of this part relating to the limitations under IRC § 401(a)(17)
25 or 415(b). A per diem or hourly school employee shall receive
26 one year of credited service for each nonoverlapping period of
27 12 consecutive months in which he is employed and for which
28 contributions are made, or would have been made but for such
29 limitations under the IRC, for at least 180 full-day sessions or
30 1,100 hours of employment. If such member was employed and

1 contributions were made for less than 180 full-day sessions or
2 1,100 hours, he shall be credited with a fractional portion of a
3 year determined by the ratio of the number of full-day sessions
4 or hours of service actually rendered to 180 full-day sessions
5 or 1,100 hours, as the case may be. A part-time salaried
6 employee shall be credited with the fractional portion of the
7 year which corresponds to the service actually rendered in
8 relation to the service required as a comparable full-time
9 salaried employee. In no case shall a member receive more than
10 one year of credited service for any 12 consecutive months or a
11 member who has elected multiple service receive an aggregate in
12 the two systems of more than one year of credited service for
13 any 12 consecutive months.

14 (b) Approved leaves of absence.--An active member shall
15 receive credit for an approved leave of absence provided that:

16 (1) the member returns for a period at least equal to
17 the length of the leave or one year, whichever is less, to
18 the school district which granted his leave, unless such
19 condition is waived by the employer; and

20 (2) the proper contributions are made by the member and
21 the employer.

22 (b.1) Optional credit for leave of absence for activated
23 military service.--

24 (1) Notwithstanding any other provision of this part to
25 the contrary, a member who is granted leave of absence for
26 activated military service shall be entitled to exercise any
27 one of the following options in regard thereto:

28 (i) He may continue to make payments into the fund
29 as provided for in this part during the period of his
30 leave of absence for activated military service.

1 (ii) He may discontinue making payments into the
2 fund during the period of his leave of absence for
3 activated military service. In such event, the employer
4 shall continue to make its contributions during this
5 period. The employee's retirement rights shall be
6 determined by completely disregarding the period of his
7 leave of absence for activated military leave for all
8 purposes.

9 (2) Any member desiring to exercise option (i) in
10 paragraph (1) shall file in writing with the board such an
11 election within 60 days after the commencement of his leave
12 of absence for activated military service or within 60 days
13 after the effective date of this subsection, whichever shall
14 later occur. Any member who does not exercise option (i) in
15 this manner will be deemed to have exercised option (ii).

16 (3) Any member who has exercised option (ii) in
17 paragraph (1), but who, upon the expiration of his leave of
18 absence for activated military service, returns to his
19 employment and desires to receive the benefits of option (i),
20 shall have the right to receive such benefits if he shall
21 comply with the following requirements:

22 (i) He shall, within one year after he returns to
23 his employment, give written notice to the board of his
24 desire to receive the benefits of option (i).

25 (ii) He shall pay into the fund an amount equal to
26 the total payments he would have made had he exercised
27 option (i), plus statutory interest that would have been
28 credited to his members' savings account, had such
29 contributions been credited with statutory interest
30 during the period the contributions would have been made

1 and during all periods of subsequent school and State
2 service up to the date of payment. Upon certification of
3 the amount due, payment may be made in a lump sum within
4 90 days or, in the case of an active member, it may be
5 amortized with statutory interest through salary
6 deductions or by personal checks in amounts agreed upon
7 by the member and board.

8 (b.2) Credited service as retirement incentive.--

9 Notwithstanding any provisions of this title to the contrary,
10 for the period of May 15, 1992, to August 31, 1993, a member who
11 is not an annuitant on May 15, 1992, who terminates school
12 service between May 15, 1992, and August 31, 1993, inclusive,
13 who will be 55 years of age or older on August 31, 1993, with
14 ten or more eligibility points, who files an application for
15 retirement before September 1, 1993, and who declares his intent
16 to retire prior to April 1, 1993, shall be credited with an
17 additional 10% of their credited service.

18 (b.3) Optional creditable sick leave.--Notwithstanding any
19 provisions of this title to the contrary, an active member may
20 purchase at the time of filing an application for retirement
21 creditable sick leave to the extent that the amount credited,
22 when combined with all other credited service, will not result
23 in a benefit that exceeds the limits imposed by section 415 of
24 the IRC.

25 (c) Cancellation of credited service.--All credited service
26 shall be cancelled if a member withdraws his accumulated
27 deductions.

28 § 8323. Member contributions for creditable school service.

29 (a) Previous school service, sabbatical leave and full
30 coverage.--The contributions to be paid by an active member or

1 an eligible State employee for credit for reinstatement of all
2 previously credited school service, school service not
3 previously credited, sabbatical leave as if he had been in full-
4 time daily attendance, or full-coverage membership shall be
5 sufficient to provide an amount equal to the accumulated
6 deductions which would have been standing to the credit of the
7 member for such service had regular member contributions been
8 made with full coverage at the rate of contribution necessary to
9 be credited as Class T-C service or Class T-D service if the
10 member is a Class T-D member and had such contributions been
11 credited with statutory interest during the period the
12 contributions would have been made and during all periods of
13 subsequent school and State service up to the date of purchase.

14 (b) Class T-C membership.--The contributions to be paid by a
15 member who elects to transfer to Class T-C shall be equal to the
16 amount of additional contributions, if any, which he would have
17 made had he become a member of Class T-C on July 1, 1967 and had
18 such contributions been credited with statutory interest during
19 all periods of subsequent school and State service up to the
20 date of purchase.

21 (c) Approved leave of absence other than sabbatical leave
22 and activated military service leave.--The contributions to be
23 paid by an active member for credit for an approved leave of
24 absence, other than sabbatical leave and activated military
25 service leave, shall be sufficient to transfer his membership to
26 Class T-C or to Class T-D if the member is a Class T-D member
27 and further to provide an annuity as a Class T-C member or Class
28 T-D member if the member is a Class T-D member for such
29 additional credited service. Such amount shall be the sum of the
30 amount required in accordance with the provisions of subsection

1 (b) and an amount determined as the sum of the member's basic
2 contribution rate and the normal contribution rate as provided
3 in section 8328 (relating to actuarial cost method) during such
4 period multiplied by the compensation which was received or
5 which would have been received during such period and with
6 statutory interest during all periods of subsequent school and
7 State service up to the date of purchase.

8 (c.1) Activated military service leave.--The contributions
9 to be paid by an active member for credit for all activated
10 military service leave as if he had been in regular attendance
11 in the duties for which he is employed shall be sufficient to
12 provide an amount equal to the accumulated deductions which
13 would have been standing to the credit of the member for such
14 service had regular member contributions been made with full
15 coverage at the rate of contribution necessary to be credited as
16 Class T-C service or Class T-D service if the member is a Class
17 T-D member and had such contributions been credited with
18 statutory interest during the period the contributions would
19 have been made and during all periods of subsequent State and
20 school service up to the date of purchase. In the case of
21 activated military service leave beginning after the date of
22 enactment of this subsection, contributions due from the member
23 shall be made as if he is in regular attendance in the duties
24 for which he is employed.

25 (c.2) Creditable sick leave.--Contributions on account of
26 Class T-C credit for creditable sick leave shall be the sum of
27 the member's basic contribution rate and the normal contribution
28 rate provided in section 8328 (relating to actuarial cost
29 method) at the time the creditable sick leave is purchased based
30 on the member's per diem salary for the year in which it is

1 purchased.

2 (d) Certification and payment of contributions.--

3 (1) In all cases other than for the purchase of credit
4 for sabbatical leave and activated military service leave
5 beginning before the effective date of paragraph (2), the
6 amount payable shall be certified by the board in accordance
7 with methods approved by the actuary and may be paid in a
8 lump sum within 90 days or in the case of an active member or
9 an eligible State employee who is an active member of the
10 State Employees' Retirement System it may be amortized with
11 statutory interest through salary deductions in amounts
12 agreed upon by the member and the board. The salary deduction
13 amortization plans agreed to by members and the board may
14 include a deferral of payment amounts and statutory interest
15 until the termination of school service or State service as
16 the board in its sole discretion decides to allow. The board
17 may limit salary deduction amortization plans to such terms
18 as the board in its sole discretion determines. In the case
19 of an eligible State employee who is an active member of the
20 State Employees' Retirement System, the agreed upon salary
21 deductions shall be remitted to the State Employees'
22 Retirement Board, which shall certify and transfer to the
23 board the amounts paid.

24 (2) In the case of activated military service leave
25 beginning before the effective date of this paragraph, the
26 amount payable may be paid according to this subsection or
27 subsection (c.1), but all lump sum payments must be made
28 within one year of the termination of activated military
29 service leave.

30 Section 3. This act shall take effect immediately.