
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 85

Session of
2003

INTRODUCED BY O'BRIEN, THOMAS, BELFANTI, HORSEY, NICKOL, PRESTON
AND McCALL, FEBRUARY 3, 2003

SENATOR THOMPSON, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, DECEMBER 9, 2003

AN ACT

1 Amending ~~Title~~ TITLES 24 (EDUCATION) AND 71 (State Government) <—
2 of the Pennsylvania Consolidated Statutes, further providing
3 FOR ACTUARIAL COST METHOD AND for the class of service for <—
4 bail commissioners.

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

7 ~~Section 1. Section 5306(b) of Title 71 of the Pennsylvania~~ <—
8 ~~Consolidated Statutes is amended to read:~~

9 SECTION 1. SECTION 8328(A), (C) AND (E) OF TITLE 24 OF THE <—
10 PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED TO READ:

11 § 8328. ACTUARIAL COST METHOD.

12 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE
13 MEMBERS.--THE AMOUNT OF THE TOTAL EMPLOYER CONTRIBUTIONS ON
14 BEHALF OF ALL ACTIVE MEMBERS SHALL BE COMPUTED BY THE ACTUARY AS
15 A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS
16 DURING THE PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL
17 BE SO CERTIFIED BY THE BOARD. THE TOTAL CONTRIBUTION RATE ON

BEHALF OF ALL ACTIVE MEMBERS SHALL CONSIST OF THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C) AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (D). [THE] BEGINNING JULY 1, 2004, THE TOTAL CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTORS AS CALCULATED IN SUBSECTION (E) BUT IN NO CASE SHALL IT BE LESS THAN [1%] 4% PLUS THE PREMIUM ASSISTANCE CONTRIBUTION RATE.

* * *

(C) ACCRUED LIABILITY CONTRIBUTION RATE.--

(1) FOR THE FISCAL YEAR BEGINNING JULY 1, 2002, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE BENEFITS OF ACTIVE MEMBERS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS PROVIDED IN SECTIONS 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND 8348.7, IN EXCESS OF THE TOTAL ASSETS IN THE FUND (CALCULATED BY RECOGNIZING THE ACTUARIALLY EXPECTED INVESTMENT RETURN IMMEDIATELY AND RECOGNIZING THE DIFFERENCE BETWEEN THE ACTUAL INVESTMENT RETURN AND THE ACTUARIALLY EXPECTED INVESTMENT RETURN OVER A FIVE-YEAR PERIOD), EXCLUDING THE BALANCE IN THE ANNUITY RESERVE ACCOUNT, AND OF THE PRESENT VALUE OF NORMAL CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON JULY 1, 2002, DURING THE REMAINDER OF THEIR ACTIVE SERVICE.

(2) THEREAFTER, THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR, BEGINNING JULY 1, 2002,

1 EXCEPT THAT, IF THE ACCRUED LIABILITY IS INCREASED BY
2 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE
3 JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER
4 A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY, COINCIDENT
5 WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE.
6 THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION FOR
7 SUCH ADDITIONAL LEGISLATIVE LIABILITIES SHALL BE EQUAL TO THE
8 AMOUNT OF SUCH CONTRIBUTION FOR THE FIRST ANNUAL PAYMENT.

9 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
10 BEGINNING JULY 1, 2004, THE OUTSTANDING BALANCE OF THE
11 INCREASE IN ACCRUED LIABILITY DUE TO THE CHANGE IN BENEFITS
12 ENACTED IN 2001 AND THE OUTSTANDING BALANCE OF THE NET
13 ACTUARIAL LOSS INCURRED IN FISCAL YEAR 2000-2001 SHALL BE
14 AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD
15 THAT ENDS 30 YEARS AFTER JULY 1, 2002, AND THE OUTSTANDING
16 BALANCE OF THE NET ACTUARIAL LOSS INCURRED IN FISCAL YEAR
17 2001-2002 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL
18 CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS AFTER JULY 1,
19 2003. FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2004, IF
20 THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED
21 SUBSEQUENT TO JUNE 30, 2003, SUCH ADDITIONAL LIABILITY SHALL
22 BE FUNDED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD
23 OF TEN YEARS FROM THE FIRST DAY OF JULY COINCIDENT WITH OR
24 NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE.

25 * * *

26 (E) EXPERIENCE ADJUSTMENT FACTOR.--

27 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED
28 LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING
29 JULY 1, 2002, ANY INCREASE OR DECREASE IN THE UNFUNDED
30 ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON THE

ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL
EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN
ACTUARIAL ASSUMPTIONS, CHANGES IN THE TERMS AND CONDITIONS OF
THE BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL,
ADMINISTRATIVE OR OTHER PROCESSES OTHER THAN LEGISLATION,
INCLUDING, BUT NOT LIMITED TO, REINTERPRETATION OF THE
PROVISIONS OF THIS PART, SHALL BE AMORTIZED IN EQUAL DOLLAR
ANNUAL [INSTALLMENTS] CONTRIBUTIONS OVER A PERIOD OF TEN
YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE
ACTUARIAL VALUATION.

(2) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1), FOR
EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED LIABILITY
CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2003,
ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY,
EXCLUDING THE GAINS OR LOSSES ON THE ASSETS OF THE HEALTH
INSURANCE ACCOUNT, DUE TO ACTUAL EXPERIENCE DIFFERING FROM
ASSUMED EXPERIENCE, CHANGES IN ACTUARIAL ASSUMPTIONS, CHANGES
IN THE TERMS AND CONDITIONS OF THE BENEFITS PROVIDED BY THE
SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER
THAN LEGISLATION, INCLUDING, BUT NOT LIMITED TO,
REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE
AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD
OF 30 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE
ACTUARIAL VALUATION DETERMINING SAID INCREASES AND DECREASES.

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SECTION 2. SECTIONS 5306(B) AND 5508(A), (C) AND (F) OF
TITLE 71 ARE AMENDED TO READ:

§ 5306. Classes of service.

* * *

(b) Other class membership.--A State employee who is a

1 member of a class of service other than Class A on the effective
2 date of this part shall retain his membership in that class
3 until such service is discontinued; any service thereafter shall
4 be credited as Class A service, Class AA service or Class D-4
5 service as provided for in this section. Notwithstanding any
6 other provision of this section, a State employee who is
7 appointed bail commissioner of the Philadelphia Municipal Court
8 under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction and
9 venue) may within 30 days of the effective date of this sentence
10 or within 30 days of his initial appointment as a bail
11 commissioner, whichever is later, elect Class E-2 service credit
12 for service performed as a bail commissioner after the effective
13 date of this sentence. This class of service multiplier for E-2
14 service as a bail commissioner shall be 1.5.

15 * * *

16 ~~Section 2. This act shall take effect in 45 days.~~ <—

17 § 5508. ACTUARIAL COST METHOD. <—

18 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE
19 MEMBERS.--THE AMOUNT OF THE COMMONWEALTH AND OTHER EMPLOYER
20 CONTRIBUTIONS ON BEHALF OF ALL ACTIVE MEMBERS SHALL BE COMPUTED
21 BY THE ACTUARY AS A PERCENTAGE OF THE TOTAL COMPENSATION OF ALL
22 ACTIVE MEMBERS DURING THE PERIOD FOR WHICH THE AMOUNT IS
23 DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD. THE TOTAL
24 EMPLOYER CONTRIBUTION RATE ON BEHALF OF ALL ACTIVE MEMBERS SHALL
25 CONSIST OF THE EMPLOYER NORMAL CONTRIBUTION RATE, AS DEFINED IN
26 SUBSECTION (B), AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS
27 DEFINED IN SUBSECTION (C). THE TOTAL EMPLOYER CONTRIBUTION RATE
28 SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT FACTOR AS
29 CALCULATED IN SUBSECTION (F) BUT IN NO CASE SHALL IT BE LESS
30 THAN ZERO. [BEGINNING JULY 1, 2004, THE] THE TOTAL EMPLOYER

CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT
FACTOR AS CALCULATED IN SUBSECTION (F), BUT IN NO CASE SHALL IT
BE LESS THAN [1%.]:

(1) 2% FOR THE FISCAL YEAR BEGINNING JULY 1, 2004;

(2) 3% FOR THE FISCAL YEAR BEGINNING JULY 1, 2005; AND

(3) 4% FOR THE FISCAL YEAR BEGINNING JULY 1, 2006.

* * *

(C) ACCRUED LIABILITY CONTRIBUTION RATE.--

(1) FOR THE FISCAL YEAR BEGINNING JULY 1, 2002, THE
ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE
RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL
BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND OVER A
PERIOD OF TEN YEARS FROM JULY 1, 2002, THE PRESENT VALUE OF
THE LIABILITIES FOR ALL PROSPECTIVE BENEFITS, EXCEPT FOR THE
SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS 5708, 5708.1,
5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 AND 5708.8, IN
EXCESS OF THE TOTAL ASSETS IN THE FUND (CALCULATED
RECOGNIZING ALL INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR
PERIOD), EXCLUDING THE BALANCE IN THE SUPPLEMENTAL ANNUITY
ACCOUNT, AND THE PRESENT VALUE OF EMPLOYER NORMAL
CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH
RESPECT TO ALL ACTIVE MEMBERS ON DECEMBER 31, 2001, AND
EXCLUDING CONTRIBUTIONS TO BE TRANSFERRED BY COUNTY
RETIREMENT SYSTEMS OR PENSION PLANS PURSUANT TO SECTION
5507(C) (RELATING TO CONTRIBUTIONS BY THE COMMONWEALTH AND
OTHER EMPLOYERS). THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY
CONTRIBUTION SHALL BE EQUAL TO THE AMOUNT OF SUCH
CONTRIBUTION FOR THE FISCAL YEAR BEGINNING JULY 1, 2002,
EXCEPT THAT, IF THE ACCRUED LIABILITY IS INCREASED BY
LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE

1 JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER
2 A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY, COINCIDENT
3 WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE.
4 THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION FOR
5 SUCH ADDITIONAL LEGISLATIVE LIABILITIES SHALL BE EQUAL TO THE
6 AMOUNT OF SUCH CONTRIBUTION FOR THE FIRST ANNUAL PAYMENT.

7 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,
8 BEGINNING JULY 1, 2004, THE OUTSTANDING BALANCE OF THE
9 INCREASE IN ACCRUED LIABILITY DUE TO THE CHANGE IN BENEFITS
10 ENACTED IN 2001 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL
11 CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS AFTER JULY 1,
12 2002, AND THE OUTSTANDING BALANCE OF THE NET ACTUARIAL LOSS
13 INCURRED IN CALENDAR YEAR 2002 SHALL BE AMORTIZED IN EQUAL
14 DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS
15 AFTER JULY 1, 2003. FOR FISCAL YEARS BEGINNING ON OR AFTER
16 JULY 1, 2004, IF THE ACCRUED LIABILITY IS INCREASED BY
17 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2003, SUCH
18 ADDITIONAL LIABILITY SHALL BE FUNDED IN EQUAL DOLLAR ANNUAL
19 CONTRIBUTIONS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY
20 OF JULY COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE
21 OF THE INCREASE.

22 * * *

23 (F) EXPERIENCE ADJUSTMENT FACTOR.--

24 (1) FOR EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED
25 LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING
26 JULY 1, 2002, ANY INCREASE OR DECREASE IN THE UNFUNDED
27 LIABILITY, INCLUDING LIABILITY FOR SUPPLEMENTAL ANNUITIES,
28 DUE TO ACTUAL EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE,
29 CHANGES IN ACTUARIAL ASSUMPTIONS, CHANGES IN THE TERMS AND
30 CONDITIONS OF THE BENEFITS PROVIDED BY THE SYSTEM BY

1 JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER THAN
2 LEGISLATION, INCLUDING, BUT NOT LIMITED TO, REINTERPRETATION
3 OF THE PROVISIONS OF THIS PART, SHALL BE AMORTIZED IN EQUAL
4 DOLLAR ANNUAL [INSTALLMENTS] CONTRIBUTIONS OVER A PERIOD OF
5 TEN YEARS BEGINNING WITH THE JULY 1 SUCCEEDING THE ACTUARIAL
6 VALUATION.

7 (2) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1), FOR
8 EACH YEAR AFTER THE ESTABLISHMENT OF THE ACCRUED LIABILITY
9 CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2003,
10 ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED LIABILITY
11 DUE TO ACTUAL EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE,
12 CHANGES IN ACTUARIAL ASSUMPTIONS, CHANGES IN THE TERMS AND
13 CONDITIONS OF THE BENEFITS PROVIDED BY THE SYSTEM BY
14 JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER THAN
15 LEGISLATION, INCLUDING, BUT NOT LIMITED TO, REINTERPRETATION
16 OF THE PROVISIONS OF THIS PART, SHALL BE AMORTIZED IN EQUAL
17 DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD OF 30 YEARS
18 BEGINNING WITH THE JULY 1 SUCCEEDING THE ACTUARIAL VALUATION
19 DETERMINING SAID INCREASES AND DECREASES.

20 * * *

21 SECTION 3. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

22 (1) THE AMENDMENT OF 71 PA.C.S. § 5306(B) SHALL TAKE
23 EFFECT IN 45 DAYS.

24 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
25 IMMEDIATELY.