

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in membership,
3 contributions and benefits, further providing for actuarial
4 cost method; and, in contributions, further providing for
5 actuarial cost method.

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

8 Section 1. Section 8328(g) of Title 24 of the Pennsylvania
9 Consolidated Statutes is amended to read:

10 § 8328. Actuarial cost method.

11 * * *

12 (g) Temporary application of collared contribution rate.--

13 (1) The collared contribution rate for each fiscal year
14 specified under paragraph (2) shall be determined by
15 comparing the actuarially required contribution rate,
16 calculated without regard for the costs added by legislation,
17 to the prior year's final contribution rate.

18 (2) If, for any of the fiscal years beginning July 1,
19 2011, July 1, 2012, and beginning on or after July 1, 2013,

1 and ending June 30, 2021, the actuarially required
2 contribution rate, calculated without regard for the costs
3 added by legislation, is more than 3%, 3.5% and 4.5%,
4 respectively, of the total compensation of all active members
5 greater than the prior year's final contribution rate, then
6 the collared contribution rate shall be applied and be equal
7 to the prior year's final contribution rate increased by 3%,
8 3.5% and 4.5%, respectively, of total compensation of all
9 active members. Otherwise, and for all other fiscal years,
10 the collared contribution rate shall not be applicable. In no
11 case shall the collared contribution rate be less than 4% of
12 the total compensation of all active members.

13 * * *

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

15 § 5508. Actuarial cost method.

16 * * *

17 (h) Temporary application of collared contribution rate.--

18 (1) The collared contribution rate for each fiscal year
19 under paragraph (2) shall be determined by comparing the
20 actuarially required contribution rate calculated without
21 regard for costs added by legislation to the prior year's
22 final contribution rate.

23 (2) If, for any of the fiscal years beginning July 1,
24 2011, July 1, 2012, and beginning on or after July 1, 2013,
25 and ending June 30, 2021, the actuarially required
26 contribution rate calculated without regard for costs added
27 by legislation is more than 3%, 3.5% and 4.5%, respectively,
28 of the total compensation of all active members greater than
29 the prior year's final contribution rate, then the collared
30 contribution rate shall be applied and be equal to the prior

1 year's final contribution rate increased by the respective
2 percentage above of total compensation of all active members.
3 Otherwise, and for all subsequent fiscal years, the collared
4 contribution rate shall not apply. In no case shall the
5 collared contribution rate be less than 4% of total
6 compensation of all active members.

7 * * *

8 Section 3. This act shall take effect in 30 days.