

STATE GOVERNMENT (71 PA.C.S.) - OMNIBUS AMENDMENTS

Act of Nov. 27, 2019, P.L. 723, No. 105

Cl. 71

Session of 2019

No. 2019-105

HB 1982

AN ACT

Amending Title 71 (State Government) of the Pennsylvania Consolidated Statutes, in preliminary provisions, further providing for definitions; in membership, credited service, classes of service, and eligibility for benefits, further providing for credited State service; in contributions, further providing for shared-risk member contributions and shared-gain adjustments to regular member contributions, for contributions to the system by the Commonwealth and other employers and for actuarial cost method and providing for advance payment of accrued liability contributions; in administration, funds, accounts and general provisions, further providing for administrative duties of the board, for duties of heads of departments and for State accumulation account; providing for obligations of the board, for exercise of legislative power and for liability.

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

Section 1. Section 5102 of Title 71 of the Pennsylvania Consolidated Statutes is amended by adding a definition to read: § 5102. Definitions.

The following words and phrases as used in this part, unless a different meaning is plainly required by the context, shall have the following meanings:

* * *

"Eligible employer." Any employing unit, agency or department that employs State employees, other than the Pennsylvania Turnpike Commission, the Delaware River Port Authority, the Port Authority Transit Corporation, the Philadelphia Regional Port Authority, the Delaware River Joint Toll Bridge Commission, the State Public School Building Authority, the Department of General Services, the State Highway and Bridge Authority, the Delaware Valley Regional Planning Commission, the Delaware River Basin Commission, the Susquehanna River Basin Commission and any separate independent public corporation created by statute, not including any municipal or quasi-municipal corporation.

* * *

Section 2. Sections 5302(b)(2) and 5501.1(b)(4), (7) and (8), (c)(4), (e)(4), (7) and (8) and (f)(4) of Title 71 are amended to read:

§ 5302. Credited State service.

* * *

(b) Creditable leaves of absence.--

* * *

(2) An active member or active participant on paid leave granted by an employer for purposes of serving as an elected full-time officer for a Statewide employee organization which is a collective bargaining representative under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, or the act of July 23, 1970 (P.L.563, No.195), known as the Public Employe

Relations Act, and up to 14 full-time business agents appointed by an employee organization that represents correction officers employed at State correctional institutions: Provided, That for elected full-time officers such leave shall not be for more than three consecutive terms of the same office and for up to 14 full-time business agents appointed by an employee organization that represents correction officers employed at State correctional institutions no more than three consecutive terms of the same office; that the employer shall fully compensate the member or participant, including, but not limited to, salary, wages, pension and retirement contributions and benefits, other benefits and seniority, as if he were in full-time active service; and that the Statewide employee organization shall fully reimburse the employer for all expenses and costs of such paid leave, including, but not limited to, contributions and payment in accordance with sections 5501, 5501.1, 5505.1, 5507, 5804 (relating to participant contributions), 5805 (relating to mandatory pickup participant contributions) and 5806 (relating to employer defined contributions), if the employee organization either directly pays, or reimburses the Commonwealth or other employer for, contributions made in accordance with sections 5507, 5804, 5805 and 5806. **The determination of the contributions that an employee organization pays or reimburses the Commonwealth or other eligible employer under this paragraph shall be made without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h).**

* * *

§ 5501.1. Shared-risk member contributions and shared-gain adjustments to regular member contributions.

* * *

(b) Determination of shared-risk contribution rate for Class A-3 and Class A-4 service.--The shared-risk contribution for Class A-3 and Class A-4 service shall be determined as follows:

* * *

(4) Notwithstanding paragraphs (2) and (3), the shared-risk contribution rate shall not be less than zero and shall not be more than the experience adjustment factor resulting from investment gains or losses during the determination period in effect on the first day when the new rate would be applied, **determined without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h) (relating to contributions to the system by the Commonwealth and other employers),** and expressed as a percentage of member compensation, and shall not be more than 2%. For the determination of the shared-risk contribution rate to be effective July 1, 2017, the determination period shall be January 1, 2011, through December 31, 2016. For the determination of the shared-risk contribution rate to be effective July 1, 2020, the determination period shall be January 1, 2011, through December 31, 2019.

* * *

(7) For any fiscal year in which the actual contributions, **plus any annual setoff for that fiscal year resulting from advance payment of accrued liability contributions under section 5507(h),** by the Commonwealth or

an employer are lower than the actuarially required contributions, the prospective shared-risk contribution rate for those employees whose employers are not making the actuarially required contributions shall be zero and shall not subsequently be increased, except as otherwise provided in this section. For purposes of this paragraph, the actuarially required contribution shall be no less than the normal cost plus the cost to fully amortize the unfunded actuarial accrued liability calculated using actuarial methods and assumptions that are consistent with generally accepted actuarial standards and generally accepted accounting principles, including professional actuarial standards of practice.

(8) If the actuary certifies that the accrued liability contributions calculated in accordance with the actuarial cost method provided in section 5508(b) (relating to actuarial cost method) **and without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h)**, as adjusted by the experience adjustment factor, are zero or less, then the shared-risk contribution rate for the next fiscal year shall be zero and shall not subsequently be increased, except as otherwise provided in this section.

* * *

(c) Determination of shared-gain adjustment to regular member contributions for Class A-3 and Class A-4 service.--The regular member contributions for Class A-3 and Class A-4 service shall be determined as follows:

* * *

(4) Notwithstanding paragraphs (2) and (3), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and the amount of the adjustment to a lower regular member contribution rate may not be greater than the reduction in the actuarially required contribution rate by the experience adjustment factor resulting from investment gains or losses during the determination period in effect on the first day when the new rate would be applied, **determined without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h)**, and expressed as a percentage of member compensation. In no event may the adjustment to the regular member contribution rate be more than 2%. For the determination of the regular member contribution rate to be effective July 1, 2020, the determination period shall be January 1, 2011, through December 31, 2019.

* * *

(e) Determination of shared-risk contribution rate for Class A-5 and Class A-6 service.--The shared-risk contribution for Class A-5 or Class A-6 service shall be determined as follows:

* * *

(4) Notwithstanding paragraphs (2) and (3), the shared-risk contribution rate may not be less than zero and may not be more than the experience adjustment factor resulting from investment gains or losses during the determination period in effect on the first day when the new rate would be applied, **determined without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h)**, and expressed as a percentage of member compensation, and shall not be more

than 3%. For the determination of the shared-risk contribution rate to be effective July 1, 2026, the determination period shall be January 1, 2020, through December 31, 2025. For the determination of the shared-risk contribution rate to be effective July 1, 2029, the determination period shall be January 1, 2020, through December 31, 2028.

* * *

(7) For any fiscal year in which the actual contributions, **plus any annual setoff for that fiscal year resulting from advance payment of accrued liability contributions under section 5507(h)**, by the Commonwealth or an employer are lower than the actuarially required contributions, the prospective shared-risk contribution rate for those employees whose employers are not making the actuarially required contributions shall be zero and shall not subsequently be increased, except as otherwise provided in this section. For purposes of this paragraph, the actuarially required contribution shall be no less than the normal cost plus the cost to fully amortize the unfunded actuarial accrued liability calculated using actuarial methods and assumptions that are consistent with generally accepted actuarial standards and generally accepted accounting principles, including professional actuarial standards of practice.

(8) If the actuary certifies that the accrued liability contributions calculated in accordance with the actuarial cost method provided in section 5508(b) **and without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h)**, as adjusted by the experience adjustment factor, are zero or less, then the shared-risk contribution rate for the next fiscal year shall be zero and shall not subsequently be increased, except as otherwise provided in this section.

* * *

(f) Determination of shared-gain adjustment to regular member contributions for Class A-5 or Class A-6 service.--The regular member contributions for Class A-5 or Class A-6 service shall be determined as follows:

* * *

(4) Notwithstanding paragraphs (2) and (3), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and the amount of the adjustment to a lower regular member contribution rate may not be greater than the reduction in the actuarially required contribution rate by the experience adjustment factor resulting from investment gains or losses during the determination period in effect on the first day when the new rate would be applied, **determined without regard to any setoff the Commonwealth or any eligible employer receives for advance payment of accrued liability contributions under section 5507(h)**, expressed as a percentage of member compensation. In no event may the adjustment to the regular member contribution rate be more than 3%. For the determination of the regular member contribution rate to be effective July 1, 2026, the determination period shall be January 1, 2020, through December 31, 2025. For the determination of the regular member contribution rate to be effective July 1, 2029, the determination period shall be January 1, 2020, through December 31, 2028.

* * *

Section 3. Section 5507(d) and (g) of Title 71 are amended, subsection (b.1) is amended by adding a paragraph and the section is amended by adding a subsection to read:

§ 5507. Contributions to the system by the Commonwealth and other employers.

* * *

(b.1) Payment of employer contributions to the system.--

* * *

(3) The amount of employer contributions determined and payable as a percentage of compensation under this subsection may be offset by a dollar amount as established in an agreement between the board and the head of department that is an eligible employer as a result of advance payment of accrued liability contributions under subsection (h).

* * *

(d) Payment of final contribution rate.--Notwithstanding the calculation of the actuarially required contribution rate and the provisions of subsections (a) and (b), the Commonwealth and other employers whose employees are members of the system or participants in the plan shall make contributions to the fund on behalf of all active members and annuitants in such amounts as shall be certified by the board in accordance with section 5508(i). **The certified amount and actual contributions may include any setoff for advance payment of accrued liability contributions.**

* * *

(g) Payment of additional accrued liability contributions.--In addition to all other contributions required or made under this section and [sections 5508 and] **section 5508, 5508.1 (relating to advance payment of accrued liability contributions) or 5941**, the Commonwealth and other employers whose employees are members of the system or participants in the plan shall make contributions as certified by the board as a percentage of the compensation of each active member and each active participant as provided in this subsection, unless the actuary certifies that the accrued liability contribution rate determined under section 5508(c) is zero or less for that fiscal year. Additional accrued liability contributions received by the board as a result of this subsection shall be recognized as part of the experience adjustment factor under section 5508(f).

Fiscal year beginning date	Additional accrued liability contribution rate
July 1, 2018	0.00%
July 1, 2019	0.71%
July 1, 2020	0.66%
July 1, 2021	0.62%
July 1, 2022	0.00%
July 1, 2023	0.00%
July 1, 2024	0.00%
July 1, 2025	0.00%
July 1, 2026	0.00%
July 1, 2027	0.00%
July 1, 2028	0.00%
July 1, 2029	0.00%
July 1, 2030	0.00%
July 1, 2031	0.00%
July 1, 2032	0.10%
July 1, 2033	0.22%
July 1, 2034	0.33%
July 1, 2035	0.43%

July 1, 2036	0.53%
July 1, 2037	0.62%
July 1, 2038	0.71%
July 1, 2039	0.79%
July 1, 2040	0.86%
July 1, 2041	0.93%

(h) Advance payment of accrued liability contributions.--In addition to all other contributions required under this section and sections 5508 and 5941, the Commonwealth and other eligible employers whose employees are members of the system may make, and the board may accept, advance payment of accrued liability contributions in a lump sum as agreed by the board and the head of department as provided under section 5508.1. Advance payment of accrued liability contributions received by the board as a result of this subsection shall be recognized as a setoff against future accrued liability contributions as provided under section 5508.1.

Section 4. Section 5508(c)(3) and (4) and (f)(1) of Title 71 are amended to read:

§ 5508. Actuarial cost method.

* * *

(c) **Accrued liability contribution rate.--**

* * *

(3) For the fiscal year beginning July 1, 2010, 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 in equal dollar installments over a period of 30 years from July 1, 2010, the present value of the liabilities for all prospective benefits calculated as of the immediately prior valuation date, including 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, but excluding the benefits payable from the retirement benefit plan established pursuant to section 5941 (relating to benefits completion plan), in excess of the actuarially calculated assets in the fund (calculated recognizing all realized and unrealized investment gains and losses each year in level annual installments over five years), including the balance in the supplemental annuity account, and the present value of employer normal contributions **determined without regard to any setoff the Commonwealth or any eligible employer will receive for advance payment of accrued liability contributions under section 5507(h)**, and of member contributions payable with respect to all active members, inactive members on leave without pay, vestees and special vestees on December 31, 2009. If the accrued liability is changed by legislation enacted subsequent to December 31, 2009, such change in liability shall be funded in equal dollar installments over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted.

(4) For fiscal years beginning on or after July 1, 2018, the accrued liability contribution rate shall be computed as provided for under this section, except that the rate shall be computed as a rate of total compensation of all active members and active participants for the applicable period[.] **and the accrued liability shall be determined and the rate shall be computed without regard to the portion of any advance payment of accrued liability contributions made by the Commonwealth or any eligible employer under section 5507(h) for which an annual setoff has not been**

credited or recognized in a prior fiscal year. If the accrued liability is changed by legislation enacted subsequent to December 31, 2016, such change in liability shall be funded in equal dollar installments as a percentage of compensation of all active members and active participants over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted. In addition to any employer defined contributions made to the trust, the Commonwealth and other employers of participants shall make the accrued liability contributions to the fund certified by the board.

* * *

(f) Experience adjustment factor.--

(1) For each fiscal year after the establishment of the accrued liability contribution rate and the supplemental annuity contribution rate for the fiscal year beginning July 1, 2010, any increase or decrease in the unfunded accrued liability and any increase or decrease in the liabilities and funding for supplemental annuities, due to actual experience differing from assumed experience (recognizing all realized and unrealized investment gains and losses over a five-year period), changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, State employees making shared-risk member contributions or having shared-gain adjustments to their regular member contributions, payment of additional accrued liability contributions under section 5507(g), changes in actuarial assumptions or 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 as a percentage of compensation of all active members and active participants over a period of 30 years beginning with the July 1 succeeding the actuarial valuation determining said increases or decreases. **The experience adjustment factor calculated under this paragraph shall be determined without regard to any advance payment of accrued liability contributions made by the Commonwealth or any eligible employer under section 5507(h).**

* * *

Section 5. Title 71 is amended by adding a section to read:
§ 5508.1. Advance payment of accrued liability contributions.

(a) **Authorization.--**The board and the head of department of an eligible employer of members of the system may enter into an agreement by which the eligible employer agrees to make one lump sum payment of all or a part of the eligible employer's portion of the present value of future accrued liability contributions determined under section 5508(c)(4) (relating to actuarial cost method) as modified by the cumulative experience adjustment factors calculated under section 5508(f)(1). The amount shall be calculated by the actuary in a manner and using actuarial factors and assumptions as the board, after obtaining the advice of the board's actuary, shall determine, and shall be certified by the board.

(b) **Terms of lump sum payment.--**The terms of an advance payment of accrued liability contributions shall be set forth in the agreement between the board and the head of department and subject to the following restrictions:

(1) Each eligible employer may make only one lump sum advance payment of accrued liability contributions.

(2) The lump sum may be based on not less than 75% and not more than 100% of the portion of the unfunded actuarial accrued liability of the system allocated to the eligible employer.

(3) The calculation of the unfunded actuarial accrued liability of the system and the portion allocated to the eligible employer shall be made by the actuary and approved by the board.

(4) The allocation of the unfunded actuarial accrued liability to the eligible employer must be made using a methodology, and the setoff schedule and other terms and conditions of the agreement must be such that if all eligible employers that employ members of the system simultaneously enter into agreements to make 100% advance payments of accrued liability contributions using the same date to calculate and allocate the unfunded actuarial accrued liability contributions and the same date to make lump sum payments, the total of the lump sum payments would equal the unfunded actuarial accrued liability on the calculation date.

(5) The agreement must establish a schedule of dollar-denominated annual setoffs against the future contributions of the eligible employer to amortize the lump sum advance payment of actuarial accrued liability contributions.

(6) The following shall apply:

(i) The agreement must provide a schedule of annual setoffs to provide for not less than 75% and not more than 100% of the anticipated future accrued liability contributions of the eligible employer as determined by the actuary and approved by the board as of the determination date. The schedule of setoffs of anticipated future accrued liability contributions:

(A) must be in dollar amounts that are consistent with the system's amortization bases that exist as of the determination date; and

(B) cannot be for a time period longer than the longest remaining amortization period for any initial actuarial accrued liability or experience adjustment factor included in the calculation of the advance payment of accrued liability contributions.

(ii) A good faith determination, calculation and payment of the lump sum that produces an annual setoff that is less than 75% or more than 100% of the anticipated future accrued liability contribution by a de minimis amount shall not be a violation of this subsection.

(7) The agreement shall provide a mechanism or method of recognizing or crediting the setoff against the actual contributions of the eligible employer, which may include recognizing or crediting the setoff in monthly, semi-monthly, biweekly or other periodic or reconciling increments to correspond to the schedule by which the eligible employer makes employer contributions to and to account for and reflect changes in the schedule of compensation payments to the members.

(8) After the lump sum payment is made, the annual setoff schedule and amounts established in the agreement cannot be changed except that:

(i) in no fiscal year can the recognized setoff be larger than the contributions by the eligible employer

that are eligible for the setoff. If in any fiscal year the available setoff amount is larger than the actual contributions by the eligible employer that are eligible to be setoff, the excess setoff for that fiscal year shall be added to the next fiscal year's setoff amount as provided under subsection (c); and

(ii) if the General Assembly changes the actuarial cost method under section 5508, the board may change the schedule or amount of annual setoffs to conform to the amended actuarial cost method, as determined actuarially by the board, with the agreement of the head of the department.

(9) The board may not be involved in the issuance, service or administration of any bonds or financial instruments or any obligations of an eligible employer, the proceeds of which are used in total or in part to make any part of the lump sum advance payment of accrued liability contributions. The board may not provide financial advice or in any way act as a broker, banker, financial advisor, investment manager or in a similar capacity to the eligible employer. Any money received as a result of a lump sum payment of advance payment of accrued liability contributions shall be part of the general assets of the funds and may not be segregated or invested separately for the account of or benefit of the eligible employer that made the payment.

(10) An amount paid into the fund as an advance payment of accrued liability contributions may not be refunded or repaid to any eligible employer except as a setoff against future employer contributions.

(11) Advance payment of accrued liability contributions made prior to the execution of an agreement that, in the sole determination of the board or in the determination of the commissioner, could result in the system failing to satisfy the requirements necessary to be a qualified pension plan under IRC § 401(a) and other applicable provisions of the IRC, shall not be permitted.

(c) Effect of payment.--The effect of a payment shall be as follows:

(1) Any eligible employer that makes a lump sum payment of advance accrued liability contributions shall receive an annual setoff on a fiscal year basis against the payment of future accrued liability contributions in an amount and for the time period provided in the agreement. If the amount of the annual setoff exceeds the accrued liability contributions of the eligible employer for that fiscal year, the remaining setoff amount shall be applied against any supplemental annuity contributions determined under section 5508(e)(2). If no supplemental annuity contributions are due, or if the remaining annual setoff exceeds the amount of the supplemental annuity contributions, any remaining annual setoff shall be applied against the employer normal contributions of the eligible employer. Any annual setoff amount in excess of the actual accrued liability contributions, supplemental annuity contributions and employer normal contributions for that fiscal year shall be deferred without interest and made part of the scheduled annual setoff amount of the eligible employer for the next subsequent year as determined by the actuary and certified by the board. In no event shall a setoff for advance payments reduce or be used to pay additional accrued liability contributions under section 5507(g) (relating to contributions to the system by the Commonwealth and other

employers), benefits completion plan contributions under section 5507(e), employer defined contributions paid into the trust on account of a participant's State service or any member or participant contributions to the system or the plan. A lump sum amount or annual excess setoff of advance accrued liability contributions may not be paid from the fund by the board to the eligible employer.

(2) Advance payment of accrued liability contributions results only in a dollar amount setoff against actual future contributions as set forth in the agreement between the board and eligible employer and determined by the actuary and certified by the board. An eligible employer shall be subject to all changes in employer contribution rates and actual contribution amounts caused by any reason, including actual recognition of investment returns, changes in economic or demographic actuarial assumptions, including the assumed rate of investment return, actual experience being different from the economic or demographic assumptions, including the number of State employees who are members of the system and their compensation, changes in benefits and changes in the actuarial cost method.

(d) Payment of costs and fees.--

(1) The costs incurred by the board after the effective date of this section, including any fees charged by the actuary, to estimate, determine, calculate or administer the amount of any lump sum payment and annual setoff potentially or actually resulting from advance payment of accrued liability contributions shall be paid by the eligible employer on whose behalf the costs were incurred, in amounts certified by the board. Notwithstanding this paragraph, costs may not be paid by the eligible employer until the board provides a written estimate of the costs to the eligible employer and receives written approval from the eligible employer to incur the costs on the eligible employer's behalf.

(2) Payment of fees and costs incurred by the board at the request of the head of a department shall be paid by the corresponding eligible employer without regard to whether an agreement is entered into between the board and the head of department of an eligible employer under subsection (a) and without regard to whether the costs and fees are incurred before or after an agreement is entered into under subsection (a).

(3) The board may require advance payment of costs and fees before performing any estimate, determination, calculation or administrative work under this section.

(4) The board may setoff the payment of costs and fees against either the lump sum payment or annual setoffs.

(5) Notwithstanding this subsection, the board may waive all or part of the reimbursement due by an eligible employer if the board in its sole discretion determines that it is in the best interests of the fund and the members of the system to do so.

(e) Limitation of time.--

(1) A lump sum payment for advance payment of accrued liability contributions made on or after July 1 and on or before the following May 1 will be recognized by annual setoffs beginning the next fiscal year. A lump sum payment for advance payment of accrued liability contributions made on or after May 2 and before July 1 will be recognized by annual setoffs beginning the second following fiscal year.

(2) Any agreement under this section must be entered into by December 31, 2024. Any lump sum payment under this section must be made by May 1, 2025.

Section 6. Section 5902(k) of Title 71 is amended to read:
§ 5902. Administrative duties of the board.

* * *

(k) Certification of employer contributions to fund.--The board shall, each year in addition to the itemized budget required under section 5509 (relating to appropriations and assessments by the Commonwealth), certify, as a percentage of the members' payroll, the shared-risk contribution rate, the shared-gain adjustment to the regular member contribution rate, the employers' contributions as determined pursuant to section 5508 (relating to actuarial cost method) necessary for the funding of prospective annuities for active members and the annuities of annuitants and certify the rates and amounts of the employers' normal contributions as determined pursuant to section 5508(b), accrued liability contributions as determined pursuant to section 5508(c), supplemental annuities contribution rate as determined pursuant to section 5508(e), the experience adjustment factor as determined pursuant to section 5508(f), the collared contribution rate pursuant to section 5508(h) and the final contribution rate pursuant to section 5508(i), which shall be paid to the fund and credited to the appropriate accounts. **The board shall certify the dollar amount of the annual contribution setoff for each eligible employer that has made advance payment of accrued liability contributions under section 5507(h) (relating to contributions to the system by the Commonwealth and other employers).** The board may allocate the final contribution rate and certify various employer contribution rates and amounts based upon **advance payment of accrued liability contributions** and the different benefit eligibility, class of service multiplier, superannuation age, final average salary calculation, compensation limits and other benefit differences resulting from State service credited for individual members even though such allocated employer contribution rate on behalf of any given member may be more or less than 5% of the member's compensation for the period from July 1, 2010, to June 30, 2011, or may differ from the prior year's contribution for that member by more or less than the percentages used to calculate the collared contribution rate for that year and may be below any minimum contribution rate established for the collared contribution rate or final contribution rate. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget.

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Section 7. Section 5906 of Title 71 is amended by adding a subsection to read:

§ 5906. Duties of heads of departments.

* * *

(o) Advance payment of accrued liability contributions.--The head of a department that is an eligible employer may enter into an agreement with the board to make advance payment of accrued liability contributions of the eligible employer as provided in this part. After entering into such an agreement, the head of the department that is an eligible employer may make, or direct and have made, advance payment as provided under this part and the agreement.

Section 8. Section 5934 of Title 71 is amended to read:
§ 5934. State accumulation account.

The State accumulation account shall be the ledger account to which shall be credited all contributions of the Commonwealth or other employers whose employees are members of the system and made in accordance with the provisions of section 5507(a) or (d) (relating to contributions to the system by the Commonwealth and other employers) except that the amounts received under the provisions of the act of May 12, 1943 (P.L.259, No.120), and the amounts received under the provisions of the Liquor Code, act of April 12, 1951 (P.L.90, No.21), shall be credited to the State Police benefit account or the enforcement officers' benefit account as the case may be. All amounts transferred to the fund by county retirement systems or pension plans in accordance with the provisions of section 5507(c) also shall be credited to the State accumulation account. All amounts transferred to the fund by the Public School Employees' Retirement System in accordance with section 5303.2(e) (relating to election to convert school service to State service), except amounts credited to the members' savings account, and all amounts paid by the Department of Corrections in accordance with section 5303.2(f) also shall be credited to the State accumulation account. **All advance payment of accrued liability contributions under section 5507(h) shall be credited to the State accumulation account.** The State accumulation account shall be credited with valuation interest. The reserves necessary for the payment of annuities and death benefits resulting from membership in the system as approved by the board and as provided in Chapter 57 (relating to benefits) shall be transferred from the State accumulation account to the annuity reserve account provided for in section 5935 (relating to annuity reserve account), except that the reserves necessary on account of a member who is an officer of the Pennsylvania State Police or an enforcement officer shall be transferred from the State accumulation account to the State Police benefit account provided for in section 5936 (relating to State Police benefit account) or to the enforcement officers' benefit account as provided for in section 5937 (relating to enforcement officers' benefit account) as the case may be. The reserves necessary for the payment of supplemental annuities in excess of those reserves credited to the supplemental annuity account on June 30, 2010, shall be transferred from the State accumulation account to the supplemental annuity account. In the event that supplemental annuities are increased by legislation enacted after December 31, 2009, the necessary reserves shall be transferred from the State accumulation account to the supplemental annuity account.

Section 9. The following shall apply:

(1) The board is not obligated to enter into any agreement with the head of department of any eligible employer.

(2) The General Assembly reserves to itself the further exercise of its legislative power to amend, supplement or repeal the provisions of this act, or 71 Pa.C.S. Pt. XXV, including the actuarial cost method under 71 Pa.C.S. § 5508, without regard to whether the head of department of an eligible employer has entered into an agreement with the board under this act, except that if any eligible employer has made an advance payment of accrued liability contributions, that eligible employer shall receive setoffs of future employer contributions as determined by the State Employees' Retirement Board's actuary and certified by the State Employees' Retirement Board.

(3) Notwithstanding any other provision of law, fiduciary requirement, actuarial standard of practice or other requirement to the contrary, the members of the State Employees' Retirement Board, the actuary and other employees and officials of the State Employees' Retirement System:

(i) May not be held liable or in breach or violation of any law or standard either as individuals or in their official capacity or as a governmental or corporate entity for any action or calculation related to calculating and certifying:

(A) An employer normal contribution rate.

(B) A supplemental contribution rate.

(C) An accrued liability contribution rate or final contribution rate or actual employer contribution rate.

(D) An allocation of the unfunded actuarial accrued liability to an eligible employer.

(E) A lump sum amount of advance payment of accrued liability contributions.

(F) A setoff against employer contributions.

(G) The actual employer contributions as provided in this act.

(ii) Do not warrant, guarantee or promise that any actuarial, economic or demographic assumptions, projections or estimates used for calculations under subparagraph (i) will in fact occur, or that future increases of accrued liability contributions will not occur or be assessed against any eligible employer that makes an advanced payment of accrued liability contributions under this act.

Section 10. This act shall take effect immediately.

APPROVED--The 27th day of November, A.D. 2019.

TOM WOLF