

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 601

Session of  
1979

INTRODUCED BY MESSRS. DAVIES, BURNS, GALLAGHER, MILLER, NOYE,  
SALVATORE, MILANOVICH, CIMINI, GRIECO, MRS. ARTY, MESSRS.  
CALTAGIRONE, KNEPPER, SIEMINSKI, MANMILLER, GOEBEL, J. L.  
WRIGHT, SCIRICA, COHEN, A. K. HUTCHINSON, W. D. HUTCHINSON  
AND GRABOWSKI, MARCH 7, 1979

SENATOR SMITH, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
IN SENATE, NOVEMBER 27, 1979

AN ACT

1 Amending ~~Title~~ TITLES 24 (Education) AND 71 (STATE GOVERNMENT) <—  
2 of the Pennsylvania Consolidated Statutes, further providing  
3 for CERTAIN CONTRIBUTIONS BY THE COMMONWEALTH; AND FOR a <—  
4 cost-of-living increase TO ANNUITANTS. <—

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

7 Section 1. Sections 8326, 8327, 8328(d), 8342(A) and 8348(a) <—  
8 ~~and (b)~~, (B) AND (D) of Title 24, act of November 25, 1970 <—  
9 (P.L.707, No.230), known as the Pennsylvania Consolidated

10 Statutes, are amended to read:

11 § 8326. CONTRIBUTIONS BY THE COMMONWEALTH. <—

12 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE  
13 COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF  
14 ALL ACTIVE MEMBERS, EXCEPT THAT IT SHALL NOT BE LIABLE FOR ANY  
15 CONTRIBUTIONS WHATSOEVER ATTRIBUTABLE TO SALARIES PAID THROUGH  
16 FEDERAL FUNDS, UNLESS IT IS AN EMPLOYER, AS DEFINED IN SECTION

1 8327(A) (RELATING TO PAYMENTS BY EMPLOYERS), IN AN AMOUNT EQUAL  
2 TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY TO  
3 PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY  
4 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS  
5 PART IN ACCORDANCE WITH SECTION 8328(A), (B) AND (C) (RELATING  
6 TO ACTUARIAL COST METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED  
7 MEMBERSHIP IN A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE  
8 COMMONWEALTH SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS  
9 MEMBERSHIP AN AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE  
10 CONTRIBUTED HAD THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL  
11 EMPLOYEES' RETIREMENT SYSTEM.

12 (B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH  
13 SHALL MAKE CONTRIBUTIONS ON BEHALF OF ALL ANNUITANTS IN AN  
14 AMOUNT EQUAL TO ONE-HALF OF THE AMOUNT CERTIFIED BY THE BOARD AS  
15 NECESSARY TO FUND THE ADDITIONAL LIABILITIES FOR MINIMUM AND  
16 SUPPLEMENTAL ANNUITIES IN ACCORDANCE WITH SECTION 8328(D).

17 (C) CONTRIBUTIONS FROM FEDERAL FUNDS.--COMMONWEALTH  
18 CONTRIBUTIONS AS REQUIRED BY THIS SECTION, WHEN PAID FOR  
19 EMPLOYEES WHOSE SALARIES ARE WHOLLY OR PARTIALLY FEDERALLY  
20 FUNDED, SHALL BE PAID FROM FEDERAL FUNDS IN THAT SAME RATIO IN  
21 WHICH SUCH EMPLOYEE SALARIES ARE PAID.

22 § 8327. PAYMENTS BY EMPLOYERS.

23 (A) GENERAL RULE.--EACH EMPLOYER, INCLUDING THE COMMONWEALTH  
24 AS EMPLOYER OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-  
25 OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS TRADE SCHOOL,  
26 PENNSYLVANIA STATE ORAL SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR  
27 VETERANS' CHILDREN, AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL  
28 MAKE PAYMENTS TO THE FUND EACH QUARTER IN AN AMOUNT EQUAL TO  
29 ONE-HALF THE SUM OF THE PERCENTAGES, AS DETERMINED UNDER SECTION  
30 8328 (RELATING TO ACTUARIAL COST METHOD), APPLIED TO THE TOTAL

1 COMPENSATION DURING THE PAY PERIODS IN THE PRECEDING QUARTER OF  
2 ALL ITS EMPLOYEES WHO WERE MEMBERS OF THE SYSTEM DURING SUCH  
3 PERIOD.

4 (B) RULE FOR EMPLOYEES RECEIVING FEDERAL FUNDS.--IN THE CASE  
5 OF EMPLOYEES PAID WHOLLY OR PARTIALLY FROM FEDERAL FUNDS, THE  
6 EMPLOYER, INCLUDING THE COMMONWEALTH, SHALL MAKE PAYMENTS TO THE  
7 FUND EACH QUARTER IN AN AMOUNT EQUAL TO THE FULL PERCENTAGE, AS  
8 DETERMINED UNDER SECTION 8328 APPLIED TO THE TOTAL COMPENSATION  
9 PAID FROM FEDERAL FUNDS DURING THE PAY PERIOD IN THE PRECEDING  
10 QUARTER OF ALL EMPLOYEES WHO WERE MEMBERS OF THE PUBLIC SCHOOL  
11 EMPLOYEES' RETIREMENT SYSTEM DURING SUCH PERIOD.

12 [(B)] (C) DEDUCTION FROM APPROPRIATIONS.--TO FACILITATE THE  
13 PAYMENT OF AMOUNTS DUE FROM ANY EMPLOYER TO THE FUND THROUGH THE  
14 STATE TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN  
15 THE STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION  
16 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID INTO  
17 THE FUND FROM THE AMOUNT OF ANY MONEYS DUE TO ANY EMPLOYER ON  
18 ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS OR OTHER PURPOSES SUCH  
19 AMOUNT DUE TO THE FUND AS CERTIFIED BY THE BOARD AND AS REMAINS  
20 UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE PAID  
21 TO THE EMPLOYER, AND SUCH AMOUNT SHALL BE CREDITED TO THE  
22 EMPLOYER'S ACCOUNT IN THE FUND.

23 § 8328. Actuarial cost method.

24 \* \* \*

25 (d) Supplemental annuity contribution rate.--Contributions  
26 from the Commonwealth and other employers required to provide  
27 for the payment of supplemental annuities to annuitants as  
28 provided in section 8348 (relating to supplemental annuities)  
29 shall be determined as a percentage of the total compensation of  
30 all active members during the period for which the amount is

1 certified as sufficient to fund the liabilities of the  
2 supplemental retirement allowance account as a level percentage  
3 over a period of 30 years from July 1, 1967. In the event that  
4 annuities are increased by legislation enacted subsequent to  
5 July 1, 1974, the additional liability for the increase in  
6 benefits to annuitants shall be funded similarly as a level  
7 percentage over a period of 20 years from the first day of July  
8 coincident with or next following the effective date of such  
9 legislation. Notwithstanding the foregoing, the additional  
10 liability on account of any increase in annuities which is  
11 effective July 1, 1979 shall be funded by level annual payments  
12 over a period of 20 years beginning July 1, 1980.

13 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

<—

14 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL  
15 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT  
16 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO  
17 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN  
18 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO  
19 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS) SHALL BE  
20 ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE  
21 TO HIS CREDITED SERVICE AND EQUAL TO THE SUM OF THE FOLLOWING  
22 SINGLE LIFE ANNUITIES BEGINNING AT THE EFFECTIVE DATE OF  
23 RETIREMENT AND, IN CASE THE MEMBER ON THE EFFECTIVE DATE OF  
24 RETIREMENT IS UNDER SUPERANNUATION AGE, MULTIPLIED BY A  
25 REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS ACTUARIALLY  
26 EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION AGE:  
27 PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE CASE OF  
28 ANY MEMBER WHO HAS ATTAINED AGE 55 AND HAS 25 OR MORE  
29 ELIGIBILITY POINTS SUCH SUM OF SINGLE LIFE ANNUITIES SHALL BE  
30 REDUCED BY A PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF

MONTHS, INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY WHICH THE EFFECTIVE DATE OF RETIREMENT PRECEDES SUPERANNUATION AGE BY 1/4%:

(1) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

(2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL COMPENSATION RECEIVED DURING SUCH PERIOD.

(3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY [INCLUDING ANY COST-OF-LIVING INCREASES AND] PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100 FOR EACH FULL YEAR OF CREDITED SERVICE.

\* \* \*

§ 8348. Supplemental annuities.

(a) General rule.--Every annuitant who is in receipt of a superannuation, withdrawal or disability annuity, shall continue to receive such annuity and beginning July 1, [1974] 1979, any annuitant who retired on or prior to July 1, [1973] 1978, shall receive a cost-of-living supplement determined as a percentage applied to the [entire] retirement annuity as of June 30, [1974]. Beginning July 1, 1974, any annuitant whose effective date of retirement is after July 1, 1973 and prior to March 1, 1974 shall receive a supplement determined as an adjustment of 5% applied to the entire retirement annuity on the effective date

1 of retirement. All supplements provided in this subsection]  
2 1978. Such cost-of-living supplement shall be payable under the  
3 same terms and conditions as provided under the option plan in  
4 effect as of June 30, [1974] 1978.

5 (b) Cost-of-living adjustment factors.--The percentage which  
6 is to be applied in the determination of the cost-of-living  
7 supplements shall be determined on the basis of the effective  
8 date of retirement [as follows:

9	Effective date of retirement	Percentage factor
10	After July 1, 1971 through July 1, 1973	5%
11	After July 1, 1970 through July 1, 1971	10%
12	After July 1, 1969 through July 1, 1970	15%
13	After July 1, 1968 through July 1, 1969	20%
14	After July 1, 1967 through July 1, 1968	25%
15	On or prior to July 1, 1967	30%]

16 payable on the first \$10,000 \$12,000 of annuity received per <—  
17 year. and a constant proportion of percentage increases in the <—  
18 Consumer Price Index for all urban consumers (CPI-U) prepared  
19 and published by the United States Department of Labor  
20 Statistics. Each percentage factor is equal to two thirds of the  
21 percentage change in said index from June 1973 to June of the  
22 fiscal year of retirement, whichever is later, to June 1978. The  
23 applicable percentage factors are:

24	<u>Effective date of retirement</u>	<u>Percentage factor</u>
25	<u>After July 1, 1977 through July 1, 1978</u>	<u>5%</u>
26	<u>After July 1, 1976 through July 1, 1977</u>	<u>10%</u>
27	<u>After July 1, 1975 through July 1, 1976</u>	<u>13%</u>
28	<u>After July 1, 1974 through July 1, 1975</u>	<u>20%</u>
29	<u>After July 1, 1973 through July 1, 1974</u>	<u>27%</u>
30	<u>On or prior to July 1, 1973</u>	<u>31%</u>

1       \* \* \*

2       [(D) DISABILITY ANNUITANTS.--ANY DISABILITY ANNUITANT WHOSE       <—  
3 EFFECTIVE DATE OF RETIREMENT IS PRIOR TO JULY 1, 1971 AND WHOSE  
4 ANNUITY WAS INCREASED BY LESS THAN 20% OF THE ANNUITY AT THE  
5 TIME OF RETIREMENT UNDER THE AMENDATORY ACT OF NOVEMBER 27, 1970  
6 (P.L.798, NO.261) OR SEPTEMBER 9, 1971 (P.L.456, NO.106), SHALL  
7 RECEIVE BEGINNING JULY 1, 1974 AN ADDITIONAL INCREASE IN HIS  
8 ANNUITY EQUAL TO 20% OF THE ANNUITY AT THE TIME OF RETIREMENT  
9 LESS THE INCREASE HE RECEIVED UNDER EITHER AMENDATORY ACT.]

10       \* \* \*

11       SECTION 2. SECTION 5708(A) AND (B) OF TITLE 71 IS AMENDED TO  
12 READ:

13   § 5708. SUPPLEMENTAL ANNUITIES.

14       (A) GENERAL RULE.--EVERY ANNUITANT WHO RETIRED PRIOR TO  
15 [MARCH 1, 1974] JULY 1, 1978 AND WHO IS IN RECEIPT OF A  
16 SUPERANNUATION, WITHDRAWAL OR DISABILITY ANNUITY, SHALL CONTINUE  
17 TO RECEIVE THE ANNUITY TO WHICH HE WAS ENTITLED PRIOR TO [MARCH  
18 1, 1974] JULY 1, 1978 AND BEGINNING [JANUARY 1, 1975] JULY 1,  
19 1979, ANY ANNUITANT RETIRING ON OR PRIOR TO [FEBRUARY 28, 1974]  
20 JUNE 30, 1978 SHALL RECEIVE A COST-OF-LIVING SUPPLEMENT  
21 DETERMINED AS A PERCENTAGE APPLIED TO THE [ENTIRE] RETIREMENT  
22 ANNUITY TO WHICH HE WAS ENTITLED PRIOR TO [MARCH 1, 1974] JULY  
23 1, 1978. SUCH COST-OF-LIVING SUPPLEMENT SHALL BE PAYABLE UNDER  
24 THE SAME TERMS AND CONDITIONS AS PROVIDED UNDER THE OPTION PLAN  
25 IN EFFECT AS OF THE EFFECTIVE DATE OF THIS AMENDATORY ACT.

26       (B) COST-OF-LIVING ADJUSTMENT FACTORS.--THE PERCENTAGE WHICH  
27 IS TO BE APPLIED IN THE DETERMINATION OF THE COST-OF-LIVING  
28 SUPPLEMENTS, SHALL BE DETERMINED ON THE BASIS OF THE EFFECTIVE  
29 DATE OF RETIREMENT PAYABLE ON THE FIRST \$12,000 OF ANNUITY  
30 RECEIVED PER YEAR, AS FOLLOWS:

[EFFECTIVE DATE OF RETIREMENT	PERCENTAGE FACTOR
JULY 1, 1971 TO FEBRUARY 28, 1974	5%
JULY 1, 1970 TO JUNE 30, 1971	10%
JULY 1, 1969 TO JUNE 30, 1970	15%
JULY 1, 1968 TO JUNE 30, 1969	20%
JULY 1, 1967 TO JUNE 30, 1968	25%
PRIOR TO JULY 1, 1967	30%]

<u>EFFECTIVE DATE OF RETIREMENT</u>	<u>PERCENTAGE FACTOR</u>
<u>JULY 1, 1977 THROUGH JUNE 30, 1978</u>	<u>5%</u>
<u>JULY 1, 1976 THROUGH JUNE 30, 1977</u>	<u>10%</u>
<u>JULY 1, 1975 THROUGH JUNE 30, 1976</u>	<u>13%</u>
<u>JULY 1, 1974 THROUGH JUNE 30, 1975</u>	<u>20%</u>
<u>MARCH 1, 1974 THROUGH JUNE 30, 1974</u>	<u>27%</u>
<u>PRIOR TO MARCH 1, 1974</u>	<u>31%</u>

PROVIDED, HOWEVER, THAT SUCH COST-OF-LIVING SUPPLEMENT AS DETERMINED ABOVE SHALL NOT BE PAYABLE TO AN ANNUITANT RECEIVING A WITHDRAWAL ANNUITY PRIOR TO THE FIRST DAY OF JULY COINCIDENT WITH OR FOLLOWING HIS ATTAINMENT OF SUPERANNUATION AGE: AND FURTHER PROVIDED, THAT ANY MEMBER TERMINATING LEGISLATIVE SERVICE SUBSEQUENT TO NOVEMBER 30, 1970, SHALL BE ENTITLED TO RECEIVE ON ACCOUNT OF CLASS D-3 SERVICE A MAXIMUM SINGLE LIFE ANNUITY PER YEAR OF SERVICE AS A REGULAR MEMBER OF THE GENERAL ASSEMBLY WHICH SHALL NOT BE LESS THAN THE CORRESPONDING MAXIMUM SINGLE LIFE ANNUITY, INCLUDING ANY COST-OF-LIVING SUPPLEMENTS ENACTED PRIOR TO OCTOBER 1, 1979, OF A MEMBER RETIRING FROM LEGISLATIVE SERVICE NOVEMBER 30, 1970.

\* \* \*

SECTION 3. WITHIN 30 DAYS AFTER THE CONVENING OF THE GENERAL ASSEMBLY IN AN ODD-NUMBERED YEAR, THE GENERAL ASSEMBLY SHALL ORGANIZE A JOINT COMMITTEE, COMPOSED OF MEMBERS OF THE GENERAL



1 ASSEMBLY TO BE SELECTED AS FOLLOWS: THE PRESIDENT PRO TEMPORE  
2 SHALL SELECT THREE SENATORS, TWO FROM THE MAJORITY PARTY AND ONE  
3 FROM THE MINORITY PARTY AND THE SPEAKER OF THE HOUSE OF  
4 REPRESENTATIVES SHALL SELECT THREE MEMBERS OF THE HOUSE OF  
5 REPRESENTATIVES, TWO FROM THE MAJORITY PARTY AND ONE FROM THE  
6 MINORITY PARTY. THE JOINT COMMITTEE SHALL SELECT A CHAIRMAN AND  
7 SHALL CONDUCT A REVIEW OF THE COST-OF-LIVING SUPPLEMENTS  
8 ACCRUING PURSUANT TO SECTION 8348 OF TITLE 24 AND SECTION 5708  
9 OF TITLE 71 DURING THE PREVIOUS TWO YEARS, THE CHANGES IN THE  
10 CONSUMER PRICE INDEX AND THE EARNINGS OF THE FUNDS, FOR THE  
11 PURPOSE OF DETERMINING THE EQUITABILITY OF THE INCREASES IN  
12 LIGHT OF THE THEN PREVAILING ECONOMIC CONDITIONS. THE JOINT  
13 COMMITTEE SHALL HAVE THE POWER TO CALL ON ANY STATE DEPARTMENT  
14 OR AGENCY FOR ASSISTANCE AND SHALL REPORT ITS RECOMMENDATIONS TO  
15 THE GENERAL ASSEMBLY PRIOR TO THE END OF THE SESSION.

16 Section ~~2-~~ 4. This act shall take effect ~~in 60 days~~  
17 IMMEDITATELY.

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<—