

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2497 Session of 2010

INTRODUCED BY D. EVANS, BRIGGS, PARKER, WILLIAMS, GALLOWAY, DePASQUALE, KORTZ, W. KELLER, MYERS, SHAPIRO AND SIPTROTH, MAY 11, 2010

AS REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 7, 2010

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in Title 24, further
3 providing for definitions, for contributions by the
4 Commonwealth, for payments by employers, for actuarial cost
5 method, for additional supplemental annuities, for further
6 additional supplemental annuities, for supplemental annuities
7 commencing 1994, for supplemental annuities commencing 1998,
8 for supplemental annuities commencing 2002, for supplemental
9 annuities commencing 2003, for administrative duties of board
10 and for payments to school entities by Commonwealth; in Title
11 71, providing for definitions; further providing for RIGHTS
12 AND DUTIES OF STATE EMPLOYEES AND MEMBERS, FOR contributions
13 by the Commonwealth and other employers, for actuarial cost
14 method, for additional supplemental annuities, for further
15 additional supplemental annuities, for supplemental annuities
16 commencing 1994, for supplemental annuities commencing 1998,
17 for supplemental annuities commencing 2002, for supplemental
18 annuities commencing 2003, for special supplemental
19 postretirement adjustment of 2002, for administrative duties
20 of the board, for State accumulation account and for
21 supplemental annuity account; and providing for
22 recertification to the Secretary of the Budget and for
23 holding certain public officials harmless.



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

26 Section 1. The definition of "employer" in section 8102 of
27 Title 24 of the Pennsylvania Consolidated Statutes is amended to

1 read:

2 § 8102. Definitions.

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

6 \* \* \*

7 "Employer." Any governmental entity directly responsible for  
8 the employment and payment of the school employee and charged  
9 with the responsibility of providing public education within  
10 this Commonwealth, including but not limited to: State-owned  
11 colleges and universities, the Pennsylvania State University,  
12 community colleges, area vocational-technical schools,  
13 intermediate units, the State Board of Education, Scotland  
14 School for Veterans' Children, Thaddeus Stevens State School of  
15 Technology, and the [Pennsylvania State Oral] Western  
16 Pennsylvania School for the Deaf.

17 \* \* \*

18 Section 2. Sections 8326(a), 8327(a) and (c), 8328,  
19 8348.1(f), 8348.2(f), 8348.3(f), 8348.5(f), 8348.6(f),  
20 8348.7(f), 8502(k) and 8535(3) of Title 24 are amended to read:  
21 § 8326. Contributions by the Commonwealth.

22 (a) Contributions on behalf of active members.--The  
23 Commonwealth shall make contributions into the fund on behalf of  
24 all active members, including members on activated military  
25 service leave, in an amount equal to one-half the amount  
26 certified by the board as necessary to provide, together with  
27 the members' contributions, annuity reserves on account of  
28 prospective annuities as provided in this part in accordance  
29 with section 8328[(a), (b), (c) and (e)] (relating to actuarial  
30 cost method). In case a school employee has elected membership

1 in a retirement program approved by the employer, the  
2 Commonwealth shall contribute to such program on account of his  
3 membership an amount no greater than the amount it would have  
4 contributed had the employee been a member of the Public School  
5 Employees' Retirement System.

6 \* \* \*

7 § 8327. Payments by employers.

8 (a) General rule.--Each employer, including the Commonwealth  
9 as employer of employees of the Department of Education, State-  
10 owned colleges and universities, Thaddeus Stevens [State School]  
11 College of Technology, [Pennsylvania State Oral] Western  
12 Pennsylvania School for the Deaf, Scotland School for Veterans'  
13 Children, and the Pennsylvania State University, shall make  
14 payments to the fund each quarter in an amount equal to one-half  
15 the sum of the percentages, as determined under section 8328  
16 (relating to actuarial cost method), applied to the total  
17 compensation during the pay periods in the preceding quarter of  
18 all its employees who were members of the system during such  
19 period, including members on activated military service leave.  
20 In the event a member on activated military service leave does  
21 not return to service for the necessary time or receives an  
22 undesirable, bad conduct or dishonorable discharge or does not  
23 elect to receive credit for activated military service under  
24 section 8302(b.1)(3) (relating to credited school service), the  
25 contributions made by the employer on behalf of such member  
26 shall be returned with valuation interest upon application by  
27 the employer.

28 \* \* \*

29 (c) Payments by employers after June 30, 1995.--After June  
30 30, 1995, each employer, including the Commonwealth as employer

1 of employees of the Department of Education, State-owned  
2 colleges and universities, Thaddeus Stevens State School of  
3 Technology, [Pennsylvania State Oral] Western Pennsylvania  
4 School for the Deaf, Scotland School for Veterans' Children and  
5 The Pennsylvania State University, shall make payments to the  
6 fund each quarter in an amount computed in the following manner:

7       (1) For an employer that is a school entity, the amount  
8 shall be the sum of the percentages as determined under  
9 section 8328 applied to the total compensation during the pay  
10 periods in the preceding quarter of all employees who were  
11 active members of the system during such period, including  
12 members on activated military service leave. In the event a  
13 member on activated military service leave does not return to  
14 service for the necessary time or receives an undesirable,  
15 bad conduct or dishonorable discharge or does not elect to  
16 receive credit for activated military service under section  
17 8302(b.1)(3), the contribution made by the employer on behalf  
18 of such member shall be returned with valuation interest upon  
19 application by the employer.

20       (2) For an employer that is not a school entity, the  
21 amount computed under subsection (a).

22       (3) For any employer, whether or not a school entity, in  
23 computing the amount of payment due each quarter, there shall  
24 be excluded from the total compensation referred to in this  
25 subsection and subsection (a) any amount of compensation of a  
26 noneligible member on the basis of which member contributions  
27 have not been made by reason of the limitation under IRC §  
28 401(a)(17). Any amount of contribution to the fund paid by  
29 the employer on behalf of a noneligible member on the basis  
30 of compensation which was subject to exclusion from total

1 compensation in accordance with the provisions of this  
2 paragraph shall, upon the board's determination or upon  
3 application by the employer, be returned to the employer with  
4 valuation interest.

5 § 8328. Actuarial cost method.

6 (a) Employer contribution rate [on behalf of active  
7 members].--The amount of the total employer contributions [on  
8 behalf of all active members] shall be computed by the actuary  
9 as a percentage of the total compensation of all active members  
10 during the period for which the amount is determined and shall  
11 be so certified by the board. The total employer contribution  
12 rate shall be the sum of the final contribution rate as computed  
13 in subsection (h) plus the premium assistance contribution rate  
14 as computed in subsection (f). The [total] actuarially required  
15 contribution rate [on behalf of all active members] shall  
16 consist of the normal contribution rate as defined in subsection  
17 (b), the accrued liability contribution rate as defined in  
18 subsection (c) and the supplemental annuity contribution rate as  
19 defined in subsection (d). Beginning July 1, 2004, the [total]  
20 actuarially required contribution rate shall be modified by the  
21 experience adjustment factors as calculated in subsection (e)  
22 [but in no case shall it be less than 4% plus the premium  
23 assistance contribution rate].

24 (b) Normal contribution rate.--The normal contribution rate  
25 shall be determined after each actuarial valuation. [Until all  
26 accrued liability contributions have been completed, the] The  
27 normal contribution rate shall be determined, on the basis of an  
28 annual interest rate and such mortality and other tables as  
29 shall be adopted by the board in accordance with generally  
30 accepted actuarial principles, as a level percentage of the

1 compensation of the average new active member, which percentage,  
2 if contributed on the basis of his prospective compensation  
3 through the entire period of active school service, would be  
4 sufficient to fund the liability for any prospective benefit  
5 payable to him, in excess of that portion funded by his  
6 prospective member contributions[, except for the supplemental  
7 benefits provided in sections 8348 (relating to supplemental  
8 annuities), 8348.1 (relating to additional supplemental  
9 annuities), 8348.2 (relating to further additional supplemental  
10 annuities), 8348.3 (relating to supplemental annuities  
11 commencing 1994), 8348.4 (relating to special supplemental  
12 postretirement adjustment), 8348.5 (relating to supplemental  
13 annuities commencing 1998), 8348.6 (relating to supplemental  
14 annuities commencing 2002) and 8348.7 (relating to supplemental  
15 annuities commencing 2003)].

16 (c) Accrued liability contribution rate.--

17 (1) For the fiscal [year] years beginning July 1, 2002,  
18 and ending June 30, 2011, the accrued liability contribution  
19 rate shall be computed as the rate of total compensation of  
20 all active members which shall be certified by the actuary as  
21 sufficient to fund over a period of ten years from July 1,  
22 2002, the present value of the liabilities for all  
23 prospective benefits of active members, except for the  
24 supplemental benefits provided in sections 8348 (relating to  
25 supplemental annuities), 8348.1 (relating to additional  
26 supplemental annuities), 8348.2 (relating to further  
27 additional supplemental annuities), 8348.3 (relating to  
28 supplemental annuities commencing 1994), 8348.4 (relating to  
29 special supplemental postretirement adjustment), 8348.5  
30 (relating to supplemental annuities commencing 1998), 8348.6

1 (relating to supplemental annuities commencing 2002) and  
2 8348.7 (relating to supplemental annuities commencing 2003),  
3 in excess of the total assets in the fund (calculated by  
4 recognizing the actuarially expected investment return  
5 immediately and recognizing the difference between the actual  
6 investment return and the actuarially expected investment  
7 return over a five-year period), excluding the balance in the  
8 annuity reserve account, and of the present value of normal  
9 contributions and of member contributions payable with  
10 respect to all active members on July 1, 2002, during the  
11 remainder of their active service.

12 (2) [Thereafter] For the fiscal years beginning July 1,  
13 2003, and ending June 30, 2011, the amount of each annual  
14 accrued liability contribution shall be equal to the amount  
15 of such contribution for the fiscal year, beginning July 1,  
16 2002, except that, if the accrued liability is increased by  
17 legislation enacted subsequent to June 30, 2002, but before  
18 July 1, 2003, such additional liability shall be funded over  
19 a period of ten years from the first day of July, coincident  
20 with or next following the effective date of the increase.  
21 The amount of each annual accrued liability contribution for  
22 such additional legislative liabilities shall be equal to the  
23 amount of such contribution for the first annual payment.

24 (3) Notwithstanding any other provision of law,  
25 beginning July 1, 2004, and ending June 30, 2011, the  
26 outstanding balance of the increase in accrued liability due  
27 to the change in benefits enacted in 2001 and the outstanding  
28 balance of the net actuarial loss incurred in fiscal year  
29 2000-2001 shall be amortized in equal dollar annual  
30 contributions over a period that ends 30 years after July 1,

1 2002, and the outstanding balance of the net actuarial loss  
2 incurred in fiscal year 2001-2002 shall be amortized in equal  
3 dollar annual contributions over a period that ends 30 years  
4 after July 1, 2003. For fiscal years beginning on or after  
5 July 1, 2004, if the accrued liability is increased by  
6 legislation enacted subsequent to June 30, 2003, such  
7 additional liability shall be funded in equal dollar annual  
8 contributions over a period of ten years from the first day  
9 of July coincident with or next following the effective date  
10 of the increase.

11 (4) For the fiscal year beginning July 1, 2011, the  
12 accrued liability contribution rate shall be computed as the  
13 rate of total compensation of all active members which shall  
14 be certified by the actuary as sufficient to fund as a level  
15 percentage of compensation over a period of 30 years from  
16 July 1, 2011, the present value of the liabilities for all  
17 prospective benefits calculated as of June 30, 2010,  
18 including the supplemental benefits as provided in sections  
19 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and  
20 8348.7, in excess of the actuarially calculated assets in the  
21 fund (calculated recognizing all realized and unrealized  
22 investment gains and losses each year in level annual  
23 installments over a ten-year period). In the event that the  
24 accrued liability is increased by legislation enacted  
25 subsequent to June 30, 2010, such additional liability shall  
26 be funded as a level percentage of compensation over a period  
27 of ten years from the July 1 second succeeding the date such  
28 legislation is enacted.

29 (d) Supplemental annuity contribution rate.--[Contributions]

30 (1) For the period of July 1, 2002, to June 30, 2011,



1 contributions from the Commonwealth and other employers  
2 required to provide for the payment of the supplemental  
3 annuities provided for in sections 8348, 8348.1, 8348.2,  
4 8348.4 and 8348.5 shall be paid over a period of ten years  
5 from July 1, 2002. The funding for the supplemental annuities  
6 commencing 2002 provided for in section 8348.6 shall be as  
7 provided in section 8348.6(f). The funding for the  
8 supplemental annuities commencing 2003 provided for in  
9 section 8348.7 shall be as provided in section 8348.7(f). The  
10 amount of each annual supplemental annuities contribution  
11 shall be equal to the amount of such contribution for the  
12 fiscal year beginning July 1, 2002. [In the event that  
13 supplemental annuities are increased by legislation enacted  
14 subsequent to June 30, 2002, the additional liability for the  
15 increased benefits to be amortized shall be funded in equal  
16 dollar annual installments over a period of ten years.]

17 (2) For fiscal years beginning July 1, 2011,  
18 contributions from the Commonwealth and other employers whose  
19 employees are members of the system required to provide for  
20 the payment of supplemental annuities as provided in sections  
21 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and  
22 8348.7 shall be paid as part of the accrued liability  
23 contribution rate as provided for in subsection (c)(4), and  
24 there shall not be a separate supplemental annuity  
25 contribution rate attributable to those supplemental  
26 annuities. In the event that supplemental annuities are  
27 increased by legislation enacted subsequent to June 30, 2010,  
28 the additional liability for the increase in benefits shall  
29 be funded as a level percentage of compensation over a period  
30 of ten years from the July 1 second succeeding the date such

1 legislation is enacted.

2 (e) Experience adjustment factor.--

3 (1) For each year after the establishment of the accrued  
4 liability contribution rate for the fiscal year beginning  
5 July 1, [2002] 2011, any increase or decrease in the unfunded  
6 accrued liability, excluding the gains or losses on the  
7 assets of the health insurance account, due to actual  
8 experience differing from assumed experience, changes in  
9 actuarial ~~assumptions~~, ASSUMPTIONS, CHANGES IN ←  
10 CONTRIBUTIONS CAUSED BY THE FINAL CONTRIBUTION RATE BEING  
11 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE or  
12 changes in the terms and conditions of the benefits provided  
13 by the system by judicial, administrative or other processes  
14 other than legislation, including, but not limited to,  
15 reinterpretation of the provisions of this part, shall be  
16 amortized [in equal dollar annual contributions] as a level  
17 percentage of compensation over a period of [ten] 30 years  
18 beginning with the July 1 second succeeding the actuarial  
19 valuation determining said increases or decreases.

20 (2) [Notwithstanding the provisions of paragraph (1),  
21 for each year after the establishment of the accrued  
22 liability contribution rate for the fiscal year beginning  
23 July 1, 2003, any increase or decrease in the unfunded  
24 accrued liability, excluding the gains or losses on the  
25 assets of the health insurance account, due to actual  
26 experience differing from assumed experience, changes in  
27 actuarial assumptions, changes in the terms and conditions of  
28 the benefits provided by the system by judicial,  
29 administrative or other processes other than legislation,  
30 including, but not limited to, reinterpretation of the

1 provisions of this part, shall be amortized in equal dollar  
2 annual contributions over a period of 30 years beginning with  
3 the July 1 second succeeding the actuarial valuation  
4 determining said increases and decreases] (Reserved).

5 (f) Premium assistance contribution rate.--For each fiscal  
6 year beginning with July 1, 1991, the total contribution rate as  
7 calculated according to this section shall be increased annually  
8 in the full amount certified by the board as necessary to fund  
9 the premium assistance program in accordance with section 8509  
10 (relating to health insurance premium assistance program),  
11 notwithstanding any other provisions of this section.

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

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

18 (2) If, for any of the fiscal years beginning July 1,  
19 2011, July 1, 2012, and on or after July 1, 2013, the  
20 actuarially required contribution rate, calculated without  
21 regard for the costs added by legislation, is more than 3%,  
22 3.5% and 4.5%, respectively, of the total compensation of all  
23 active members greater than the prior year's final  
24 contribution rate, then the collared contribution rate shall  
25 be applied and be equal to the prior year's final  
26 contribution rate increased by 3%, 3.5% and 4.5%,  
27 respectively, of total compensation of all active members.  
28 Otherwise, and for all other fiscal years, the collared  
29 contribution rate shall not be applicable. In no case shall  
30 the collared contribution rate be less than 4% of the total

1 compensation of all active members.

2 (h) Final contribution rate.--

3 (1) For the fiscal year beginning July 1, 2010, the  
4 final contribution rate shall be 5% of the total compensation  
5 of all active members. For each subsequent fiscal year for  
6 which the collared contribution rate is applicable, the final  
7 contribution rate shall be the collared contribution rate as  
8 calculated in subsection (g), plus the costs added by  
9 legislation.

10 (2) For all other fiscal years, the final contribution  
11 rate shall be the actuarially required contribution rate,  
12 provided that the final contribution rate shall not be less  
13 than the normal contribution rate as provided in subsection  
14 (b).

15 (i) Definitions.--As used in this section, the following  
16 words and phrases shall have the meanings given to them in this  
17 subsection unless the context clearly indicates otherwise:

18 "Actuarially required contribution rate." The sum of the  
19 following:

20 (1) the normal contribution rate as calculated in  
21 subsection (b);

22 (2) the accrued liability contribution rate as  
23 calculated in subsection (c);

24 (3) the supplemental annuity contribution rate as  
25 calculated in subsection (d);

26 (4) the experience adjustment factor as calculated in  
27 subsection (e); and

28 (5) any costs added by legislation enacted prior to the  
29 last actuarial valuation.

30 "Costs added by legislation." The sum, if positive, of all

1 changes in the actuarially required contribution rate resulting  
2 from legislation enacted in the year since the last actuarial  
3 valuation and not included in the determination of the prior  
4 year's final contribution rate, computed as the rate of total  
5 compensation of all active members certified by the actuary as  
6 sufficient to make the employer normal contributions and  
7 sufficient to amortize legislatively created changes in the  
8 unfunded actuarial liability as a level percentage of  
9 compensation over a period of ten years from the July 1 second  
10 succeeding the date of enactment.

11 § 8348.1. Additional supplemental annuities.

12 \* \* \*

13 (f) Funding.--The actuary shall annually certify the amount  
14 of Commonwealth appropriations for the next fiscal year needed  
15 to fund, over a period of ten years from July 1, 2002, the  
16 additional monthly supplemental annuity provided for in this  
17 section[. The board shall submit the actuary's certification to  
18 the Secretary of the Budget on or before November 1 of each  
19 year. If, in any year after 1984, the amount certified is  
20 disapproved under section 610 of the act of April 9, 1929  
21 (P.L.177, No.175), known as The Administrative Code of 1929, as  
22 insufficient to meet the funding requirements of this subsection  
23 or is not appropriated on or before July 1, the additional  
24 supplemental annuity provided for in this section shall be  
25 suspended until such time as an amount certified and approved as  
26 sufficient is appropriated], which amounts shall be paid during  
27 the period beginning July 1, 2002, and ending June 30, 2011. For  
28 fiscal years beginning on or after July 1, 2011, the additional  
29 liability provided in this section shall be funded as part of  
30 the actuarial accrued liability as provided in section 8328

1 (relating to actuarial cost method).

2 \* \* \*

3 § 8348.2. Further additional supplemental annuities.

4 \* \* \*

5 (f) Funding.--The actuary shall annually estimate the amount  
6 of Commonwealth appropriations for the next fiscal year needed  
7 to fund, over a period of ten years from July 1, 2002, the  
8 additional monthly supplemental annuity provided for in this  
9 section[. The board shall submit the actuary's estimation to the  
10 Secretary of the Budget on or before November 1 of each year.  
11 If, in any year after 1988, the amount estimated is disapproved  
12 under section 610 of the act of April 9, 1929 (P.L.177, No.175),  
13 known as The Administrative Code of 1929, as insufficient to  
14 meet the funding requirements of this subsection or is not  
15 appropriated on or before July 1, the additional supplemental  
16 annuity provided for in this section shall be suspended until  
17 such time as an amount certified and approved as sufficient is  
18 appropriated], which amounts shall be paid during the period  
19 beginning July 1, 2002, and ending June 30, 2011. For fiscal  
20 years beginning on or after July 1, 2011, the additional  
21 liability provided in this section shall be funded as part of  
22 the actuarial accrued liability as provided in section 8328  
23 (relating to actuarial cost method).

24 \* \* \*

25 § 8348.3. Supplemental annuities commencing 1994.

26 \* \* \*

27 (f) Funding.--[The]

28 (1) For the period beginning July 1, 2002, and ending  
29 June 30, 2011, the additional liability for the increase in  
30 benefits provided in this section shall be funded in equal

1 dollar annual installments over a period of ten years  
2 beginning July 1, 2002.

3 (2) For fiscal years beginning on or after July 1, 2011,  
4 the additional liability provided in this section shall be  
5 funded as part of the actuarial accrued liability as provided  
6 in section 8328 (relating to actuarial cost method).

7 \* \* \*

8 § 8348.5. Supplemental annuities commencing 1998.

9 \* \* \*

10 (f) Funding.--[The]

11 (1) For the period beginning July 1, 2002, and ending  
12 June 30, 2011, the additional liability for the increase in  
13 benefits provided in this section shall be funded in equal  
14 dollar annual installments over a period of ten years  
15 beginning July 1, 2002.

16 (2) For fiscal years beginning on or after July 1, 2011,  
17 the additional liability provided in this section shall be  
18 funded as part of the actuarial accrued liability as provided  
19 in section 8328 (relating to actuarial cost method).

20 (3) Notwithstanding the provisions of section 212 of the  
21 act of April 22, 1998 (P.L.1341, No.6A), known as the General  
22 Appropriation Act of 1998, regarding payment for cost-of-  
23 living increases for annuitants, payments for cost-of-living  
24 increases for annuitants shall be made under section 8535  
25 (relating to payments to school entities by Commonwealth).

26 \* \* \*

27 § 8348.6. Supplemental annuities commencing 2002.

28 \* \* \*

29 (f) Funding.--[The]

30 (1) For the period beginning July 1, 2002, and ending

1 June 30, 2011, the additional liability for the increase in  
2 benefits provided in this section shall be funded in equal  
3 dollar annual installments over a period of ten years  
4 beginning July 1, 2003.

5 (2) For fiscal years beginning on or after July 1, 2011,  
6 the additional liability provided in this section shall be  
7 funded as part of the actuarial accrued liability as provided  
8 in section 8328 (relating to actuarial cost method).

9 \* \* \*

10 § 8348.7. Supplemental annuities commencing 2003.

11 \* \* \*

12 (f) Funding.--[The]

13 (1) For the period beginning July 1, 2002, and ending  
14 June 30, 2011, the additional liability for the increase in  
15 benefits provided in this section shall be funded in equal  
16 dollar annual installments over a period of ten years  
17 beginning July 1, 2004.

18 (2) For fiscal years beginning on or after July 1, 2011,  
19 the additional liability provided in this section shall be  
20 funded as part of the actuarial accrued liability as provided  
21 in section 8328 (relating to actuarial cost method).

22 \* \* \*

23 § 8502. Administrative duties of board.

24 \* \* \*

25 (k) Certification of employer contributions.--The board  
26 shall, each year in addition to the itemized budget required  
27 under section 8330 (relating to appropriations by the  
28 Commonwealth), certify to the employers and the Commonwealth the  
29 employer contribution rate expressed as a percentage of members'  
30 payroll necessary for the funding of prospective annuities for



1 active members and the annuities of annuitants, and certify the  
2 rates and amounts of the normal contributions as determined  
3 pursuant to section 8328(b) (relating to actuarial cost method),  
4 accrued liability contributions as determined pursuant to  
5 section 8328(c), supplemental annuities contribution rate as  
6 determined pursuant to section 8328(d) [and], the experience  
7 adjustment factor as determined pursuant to section 8328(e)  
8 [and], premium assistance contributions as determined pursuant  
9 to section 8328(f), the costs added by legislation as determined  
10 pursuant to section 8328(i), the actuarial required contribution  
11 rate as determined pursuant to section 8328(i), the collared  
12 contribution rate as determined pursuant to section 8328(g) and  
13 the final contribution rate as determined pursuant to section  
14 8328(h), which shall be paid to the fund and credited to the  
15 appropriate accounts. These certifications shall be regarded as  
16 final and not subject to modification by the [Budget Secretary]  
17 Secretary of the Budget.

18 \* \* \*

19 § 8535. Payments to school entities by Commonwealth.

20 For each school year beginning with the 1995-1996 school  
21 year, each school entity shall be paid by the Commonwealth for  
22 contributions based upon school service of active members of the  
23 system after June 30, 1995, as follows:

24 \* \* \*

25 (3) School entities shall have up to five days after  
26 receipt of the Commonwealth's portion of the employer's  
27 liability to make payment to the Public School Employees'  
28 Retirement Fund. School entities are expected to make the  
29 full payment to the Public School Employees' Retirement Fund  
30 in accordance with section 8327 (relating to payments by

1 employers) in the event the receipt of the Commonwealth's  
2 portion of the employer's liability is delayed because of  
3 delinquent salary reporting or other conduct by the school  
4 entities.

5 Section 3. Title 71 is amended by adding a section to read:  
6 § 5501.1. Definitions.

7 The following words and phrases when used in this chapter  
8 shall have the meanings given to them in this section unless the  
9 context clearly indicates otherwise:

10 "Actuarially required contribution rate." The employer  
11 contribution rate as calculated pursuant to section 5508(a),  
12 (b), (c), (e) and (f) (relating to actuarial cost method).

13 "Costs added by legislation." The sum, if positive, of all  
14 changes in the actuarially required contribution rate resulting  
15 from legislation enacted in the year since the last actuarial  
16 valuation and not included in the determination of the prior  
17 year's final contribution rate, computed as the rate of total  
18 compensation of all active members certified by the actuary as  
19 sufficient to make the employer normal contributions and  
20 sufficient to amortize legislatively created changes in the  
21 unfunded actuarial liability as a level percentage of  
22 compensation over a period of ten years from the July 1  
23 following the valuation date.

24 Section 4. Sections 5507, 5508, 5708.1(f), 5708.2(f),  
25 5708.3(f), 5708.5(f), 5708.6(f), 5708.7(f), 5708.8(g), 5902(k),  
26 5907(C), 5934 and 5938 of Title 71 are amended to read: ←

27 § 5507. Contributions by the Commonwealth and other employers.

28 (a) Contributions on behalf of active members.--The  
29 Commonwealth and other employers whose employees are members of  
30 the system shall make contributions to the fund on behalf of all

1 active members in such amounts as shall be certified by the  
2 board as necessary to provide, together with the members' total  
3 accumulated deductions, annuity reserves on account of  
4 prospective annuities other than those provided in section 5708  
5 (relating to supplemental annuities), 5708.1 (relating to  
6 additional supplemental annuities), 5708.2 (relating to further  
7 additional supplemental annuities), 5708.3 (relating to  
8 supplemental annuities commencing 1994), 5708.4 (relating to  
9 special supplemental postretirement adjustment), 5708.5  
10 (relating to supplemental annuities commencing 1998), 5708.6  
11 (relating to supplemental annuities commencing 2002), 5708.7  
12 (relating to supplemental annuities commencing 2003) and 5708.8  
13 (relating to special supplemental postretirement adjustment of  
14 2002), in accordance with the actuarial cost method provided in  
15 section 5508(a), (b), (c), (d) and (f) (relating to actuarial  
16 cost method).

17 (b) Contributions on behalf of annuitants.--The Commonwealth  
18 and other employers whose employees are members of the system  
19 shall make contributions on behalf of annuitants in such amounts  
20 as shall be certified by the board as necessary to fund the  
21 liabilities for supplemental annuities in accordance with the  
22 actuarial cost method provided in section 5508(e) (relating to  
23 actuarial cost method).

24 (c) Contributions transferred by county retirement  
25 systems.--

26 (1) Each county retirement system or pension plan which  
27 is notified by certification from the board that a former  
28 contributor who was transferred to State employment pursuant  
29 to 42 Pa.C.S. § 1905 (relating to county-level court  
30 administrators) has elected to convert county service to

1 State service in accordance with section 5303.1 (relating to  
2 election to convert county service to State service) shall  
3 transfer to the board an amount equal to the actuarial  
4 liability for the additional benefits that result in the  
5 system as a result of the conversion as certified by the  
6 board. This amount shall be calculated in such a manner and  
7 using such actuarial factors and assumptions as the board,  
8 after obtaining the advice of its actuary, shall determine  
9 and shall be calculated by determining the present value of  
10 the future benefits for the former county contributors and  
11 subtracting from that present value the present value of  
12 future employee contributions and future employer normal cost  
13 contributions.

14 (2) The transfer shall occur no later than 180 days  
15 after the certification by the board of the actuarial  
16 liability for the additional benefits or 30 days following  
17 the date of termination of service if the member terminates  
18 State service after making the election to convert service,  
19 whichever occurs first.

20 (3) If any county retirement system or pension plan  
21 fails to transfer, within the required time, the money  
22 certified by the board under this subsection, then the  
23 service of such members for the period of converted service  
24 shall be credited, and the board shall notify the county  
25 which employed the employee who is converting the county  
26 service and the State Treasurer of the amount due. The State  
27 Treasurer shall withhold out of any grants, subsidies or  
28 other payments from the State General Fund appropriation or  
29 appropriations next due such county an amount equal to the  
30 amount which the county retirement system or pension plan

1 failed to pay and shall pay the amount so withheld to the  
2 board for the payment of the amount due from that county's  
3 retirement system or pension plan for the converted service.

4 (d) Payment of final contribution rate.--Notwithstanding the  
5 calculation of the actuarially required contribution rate and  
6 the provisions of subsections (a) and (b), the Commonwealth and  
7 other employers whose employees are members of the system shall  
8 make contributions to the fund on behalf of all active members  
9 and annuitants in such amounts as shall be certified by the  
10 board in accordance with section 5508(i).

11 (e) Benefits completion plan contributions.--In addition to  
12 all other contributions required under this section and section  
13 5508, the Commonwealth and other employers shall make  
14 contributions as certified by the board pursuant to section 5941  
15 (relating to benefits completion plan).

16 § 5508. Actuarial cost method.

17 (a) Employer contribution rate on behalf of active  
18 members.--The amount of the Commonwealth and other employer  
19 contributions on behalf of all active members shall be computed  
20 by the actuary as a percentage of the total compensation of all  
21 active members during the period for which the amount is  
22 determined and shall be so certified by the board. The [total  
23 employer] actuarially required contribution rate on behalf of  
24 all active members shall consist of the employer normal  
25 contribution rate, as defined in subsection (b), and the accrued  
26 liability contribution rate as defined in subsection (c). The  
27 [total employer] actuarially required contribution rate on  
28 behalf of all active members shall be modified by the experience  
29 adjustment factor as calculated in subsection (f) [but in no  
30 case shall it be less than zero. The total employer contribution

1 rate shall be modified by the experience adjustment factor as  
2 calculated in subsection (f), but in no case shall it be less  
3 than:

- 4 (1) 2% for the fiscal year beginning July 1, 2004;
- 5 (2) 3% for the fiscal year beginning July 1, 2005; and
- 6 (3) 4% for the fiscal year beginning July 1, 2006, and  
7 thereafter].

8 (b) Employer normal contribution rate.--The employer normal  
9 contribution rate shall be determined after each actuarial  
10 valuation on the basis of an annual interest rate and such  
11 mortality and other tables as shall be adopted by the board in  
12 accordance with generally accepted actuarial principles. The  
13 employer normal contribution rate shall be determined as a level  
14 percentage of the compensation of the average new active member,  
15 which percentage, if contributed on the basis of his prospective  
16 compensation through his entire period of active State service,  
17 would be sufficient to fund the liability for any prospective  
18 benefit payable to him[, except for the supplemental benefits  
19 provided for in sections 5708 (relating to supplemental  
20 annuities), 5708.1 (relating to additional supplemental  
21 annuities), 5708.2 (relating to further additional supplemental  
22 annuities), 5708.3 (relating to supplemental annuities  
23 commencing 1994), 5708.4 (relating to special supplemental  
24 postretirement adjustment), 5708.5 (relating to supplemental  
25 annuities commencing 1998), 5708.6 (relating to supplemental  
26 annuities commencing 2002), 5708.7 (relating to supplemental  
27 annuities commencing 2003) and 5708.8 (relating to special  
28 supplemental postretirement adjustment of 2002),] in excess of  
29 that portion funded by his prospective member contributions.

30 (c) Accrued liability contribution rate.--

1           (1) For the fiscal [year] years beginning July 1, 2002,  
2 and July 1, 2003, the accrued liability contribution rate  
3 shall be computed as the rate of total compensation of all  
4 active members which shall be certified by the actuary as  
5 sufficient to fund over a period of ten years from July 1,  
6 2002, the present value of the liabilities for all  
7 prospective benefits, except for the supplemental benefits as  
8 provided in sections 5708 (relating to supplemental  
9 annuities), 5708.1 (relating to additional supplemental  
10 annuities), 5708.2 (relating to further additional  
11 supplemental annuities), 5708.3 (relating to supplemental  
12 annuities commencing 1994), 5708.4 (relating to special  
13 supplemental postretirement adjustment), 5708.5 (relating to  
14 supplemental annuities commencing 1998), 5708.6 (relating to  
15 supplemental annuities commencing 2002), 5708.7 (relating to  
16 supplemental annuities commencing 2003) and 5708.8 (relating  
17 to special supplemental postretirement adjustment of 2002),  
18 in excess of the total assets in the fund (calculated  
19 recognizing all investment gains and losses over a five-year  
20 period), excluding the balance in the supplemental annuity  
21 account, and the present value of employer normal  
22 contributions and of member contributions payable with  
23 respect to all active members on December 31, 2001, and  
24 excluding contributions to be transferred by county  
25 retirement systems or pension plans pursuant to section  
26 5507(c) (relating to contributions by the Commonwealth and  
27 other employers). The amount of each annual accrued liability  
28 contribution shall be equal to the amount of such  
29 contribution for the fiscal year beginning July 1, 2002,  
30 except that, if the accrued liability is increased by

1 legislation enacted subsequent to June 30, 2002, but before  
2 July 1, 2003, such additional liability shall be funded over  
3 a period of ten years from the first day of July, coincident  
4 with or next following the effective date of the increase.  
5 The amount of each annual accrued liability contribution for  
6 such additional legislative liabilities shall be equal to the  
7 amount of such contribution for the first annual payment.

8 (2) Notwithstanding any other provision of law,  
9 beginning July 1, 2004, and ending June 30, 2010, the  
10 outstanding balance of the increase in accrued liability due  
11 to the change in benefits enacted in 2001 shall be amortized  
12 in equal dollar annual contributions over a period that ends  
13 30 years after July 1, 2002, and the outstanding balance of  
14 the net actuarial loss incurred in calendar year 2002 shall  
15 be amortized in equal dollar annual contributions over a  
16 period that ends 30 years after July 1, 2003. For fiscal  
17 years beginning on or after July 1, 2004, and ending June 30,  
18 2010, if the accrued liability is increased by legislation  
19 enacted subsequent to June 30, 2003, but before January 1,  
20 2009, such additional liability shall be funded in equal  
21 dollar annual contributions over a period of ten years from  
22 the first day of July coincident with or next following the  
23 effective date of the increase.

24 (3) For the fiscal year beginning July 1, 2010, the  
25 accrued liability contribution rate shall be computed as the  
26 rate of total compensation of all active members which shall  
27 be certified by the actuary as sufficient to fund as a level  
28 percentage of compensation over a period of 30 years from  
29 July 1, 2010, the present value of the liabilities for all  
30 prospective benefits calculated as of the immediately prior



1 valuation date, including the supplemental benefits as  
2 provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4,  
3 5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits  
4 payable from the retirement benefit plan established pursuant  
5 to section 5941 (relating to benefits completion plan), in  
6 excess of the actuarially calculated assets in the fund  
7 (calculated recognizing all realized and unrealized  
8 investment gains and losses each year in level annual  
9 installments over five years), including the balance in the  
10 supplemental annuity account, and the present value of  
11 employer normal contributions and of member contributions  
12 payable with respect to all active members, inactive members  
13 on leave without pay, vestees and special vestees on December  
14 31, 2009. If the accrued liability is changed by legislation  
15 enacted subsequent to December 31, 2009, such change in  
16 liability shall be funded as a level percentage of  
17 compensation over a period of ten years from the first day of  
18 July following the valuation date coincident with or next  
19 following the date such legislation is enacted.

20 (d) Special provisions on calculating contributions.--In  
21 calculating the contributions required by subsections (a), (b)  
22 and (c), the active members of Class C shall be considered to be  
23 members of Class A. In addition, the actuary shall determine the  
24 Commonwealth or other employer contributions required for active  
25 members of Class C and officers of the Pennsylvania State Police  
26 and enforcement officers and investigators of the Pennsylvania  
27 Liquor Control Board who are members of Class A to finance their  
28 benefits in excess of those to which other members of Class A  
29 are entitled. Such additional contributions shall be determined  
30 separately for officers and employees of the Pennsylvania State

1 Police and for enforcement officers and investigators of the  
2 Pennsylvania Liquor Control Board. Such contributions payable on  
3 behalf of officers and employees of the Pennsylvania State  
4 Police shall include the amounts received by the system under  
5 the provisions of the act of May 12, 1943 (P.L.259, No.120),  
6 referred to as the Foreign Casualty Insurance Premium Tax  
7 Allocation Law, and on behalf of enforcement officers or  
8 investigators of the Pennsylvania Liquor Control Board, the  
9 amounts received by the system under the provisions of the act  
10 of April 12, 1951 (P.L.90, No.21), known as the Liquor Code.

11 (e) Supplemental annuity contribution rate.--[Contributions]

12 (1) For the period July 1, 2002, to June 30, 2010,  
13 contributions from the Commonwealth and other employers whose  
14 employees are members of the system required to provide for  
15 the payment of supplemental annuities as provided in sections  
16 5708, 5708.1, 5708.2, 5708.3, 5708.4 and 5708.5 shall be paid  
17 over a period of ten years from July 1, 2002. The funding for  
18 the supplemental annuities commencing 2002 provided for in  
19 section 5708.6 shall be as provided in section 5708.6(f). The  
20 funding for the supplemental annuities commencing 2003  
21 provided for in section 5708.7 shall be as provided in  
22 section 5708.7(f). The funding for the special supplemental  
23 postretirement adjustment of 2002 under section 5708.8 shall  
24 be as provided in section 5708.8(g). The amount of each  
25 annual supplemental annuities contribution shall be equal to  
26 the amount of such contribution for the fiscal year beginning  
27 July 1, 2002. [In the event that supplemental annuities are  
28 increased by legislation enacted subsequent to June 30, 2002,  
29 the additional liability for the increase in benefits shall  
30 be funded in equal dollar annual installments over a period

1 of ten years from the July first, coincident with or next  
2 following the effective date of such legislation.]

3 (2) For fiscal years beginning on or after July 1, 2010,  
4 contributions from the Commonwealth and other employers whose  
5 employees are members of the system required to provide for  
6 the payment of supplemental annuities as provided in sections  
7 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7  
8 and 5708.8 shall be paid as part of the accrued liability  
9 contribution rate as provided for in subsection (c)(3) and  
10 there shall not be a separate supplemental annuity  
11 contribution rate attributable to those supplemental  
12 annuities. In the event that supplemental annuities are  
13 increased by legislation enacted subsequent to December 31,  
14 2009, the additional liability for the increase in benefits  
15 shall be funded as a level percentage of compensation over a  
16 period of ten years from the first day of July following the  
17 valuation date coincident with or next following the date  
18 such legislation is enacted.

19 (f) Experience adjustment factor.--

20 (1) For each year after the establishment of the accrued  
21 liability contribution rate and the supplemental annuity  
22 contribution rate for the fiscal year beginning July 1,  
23 [2002] 2010, any increase or decrease in the unfunded accrued  
24 liability[, including liability] and any increase or decrease  
25 in the liabilities and funding for supplemental annuities,  
26 due to actual experience differing from assumed experience[,]  
27 (recognizing all realized and unrealized investment gains and  
28 losses over a five-year period), changes in contributions  
29 caused by the final contribution rate being different from  
30 the actuarially required contribution rate, changes in

1 actuarial assumptions[,] or changes in the terms and  
2 conditions of the benefits provided by the system by  
3 judicial, administrative or other processes other than  
4 legislation, including, but not limited to, reinterpretation  
5 of the provisions of this part, shall be amortized [in equal  
6 dollar annual contributions] as a level percentage of  
7 compensation over a period of [ten] 30 years beginning with  
8 the July 1 succeeding the actuarial valuation determining  
9 said increases or decreases.

10 (2) [Notwithstanding the provisions of paragraph (1),  
11 for each year after the establishment of the accrued  
12 liability contribution rate for the fiscal year beginning  
13 July 1, 2003, any increase or decrease in the unfunded  
14 accrued liability due to actual experience differing from  
15 assumed experience, changes in actuarial assumptions, changes  
16 in the terms and conditions of the benefits provided by the  
17 system by judicial, administrative or other processes other  
18 than legislation, including, but not limited to,  
19 reinterpretation of the provisions of this part, shall be  
20 amortized in equal dollar annual contributions over a period  
21 of 30 years beginning with the July 1 succeeding the  
22 actuarial valuation determining said increases and decreases]  
23 The actuarially required contribution rate shall be the sum  
24 of the normal contribution rate, the accrued liability  
25 contribution rate and the supplemental annuity contribution  
26 rate, modified by the experience adjustment factor as  
27 calculated in paragraph (1).

28 (g) Determination of liability for special vestee.--  
29 Notwithstanding any other provision of this part or other law,  
30 the total additional accrued actuarial liability resulting from

1 eligibility of special vestees for benefits upon the attainment  
2 of superannuation age shall be determined by the actuary as part  
3 of the first annual valuation made after June 30, 1997. The  
4 resulting additional accrued actuarial liability shall be paid  
5 by The Pennsylvania State University to the board in one lump  
6 sum payment within 90 days of the board's certification of the  
7 amount to The Pennsylvania State University.

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

9 The collared contribution rate for each year shall be determined  
10 by comparing the actuarially required contribution rate  
11 calculated without regard for costs added by legislation to the  
12 prior year's final contribution rate. If for any of the fiscal  
13 years beginning July 1, 2011, July 1, 2012 and on or after July  
14 1, 2013, the actuarially required contribution rate calculated  
15 without regard for costs added by legislation is more than 3%,  
16 3.5% and 4.5%, respectively, of the total compensation of all  
17 active members greater than the prior year's final contribution  
18 rate, then the collared contribution rate shall be applied and  
19 be equal to the prior year's final contribution rate increased  
20 by the respective percentage above of total compensation of all  
21 active members. Otherwise, and for all subsequent fiscal years,  
22 the collared contribution rate shall not be applicable. In no  
23 case shall the collared contribution rate be less than 4% of  
24 total compensation of all active members.

25 (i) Final contribution rate.--For the fiscal year beginning  
26 July 1, 2010, the final contribution rate shall be 5% of total  
27 compensation of all active members. For each subsequent fiscal  
28 year for which the collared contribution rate is applicable, the  
29 final contribution rate shall be the collared contribution rate  
30 plus the costs added by legislation. For all other fiscal years,

1 the final contribution rate shall be the actuarially required  
2 contribution rate, provided that the final contribution rate  
3 shall not be less than the employer normal contribution rate, as  
4 defined in subsection (b).

5 § 5708.1. Additional supplemental annuities.

6 \* \* \*

7 (f) Funding.--The actuary shall annually certify the amount  
8 of appropriations for the next fiscal year needed to fund, over  
9 a period of ten years from July 1, 2002, the additional monthly  
10 supplemental annuity provided for in this section[. The board  
11 shall submit the actuary's certification to the Secretary of the  
12 Budget on or before November 1 of each year. If, in any year  
13 after 1984, the amount certified is disapproved under section  
14 610 of the act of April 9, 1929 (P.L.177, No.175), known as The  
15 Administrative Code of 1929, as insufficient to meet the funding  
16 requirements of this subsection or is not appropriated on or  
17 before July 1, the additional supplemental annuity provided for  
18 in this section shall be suspended until such time as an amount  
19 certified and approved as sufficient is appropriated], which  
20 amounts shall be paid during the period beginning July 1, 2002,  
21 and ending June 30, 2010. For fiscal years beginning on or after  
22 July 1, 2010, the additional liability provided in this section  
23 shall be funded as part of the actuarial accrued liability as  
24 provided in section 5508 (relating to actuarial cost method).

25 \* \* \*

26 § 5708.2. Further additional supplemental annuities.

27 \* \* \*

28 (f) Funding.--The actuary shall annually estimate the amount  
29 of Commonwealth appropriations for the next fiscal year needed  
30 to fund, over a period of ten years from July 1, 2002, the

1 additional monthly supplemental annuity provided for in this  
2 section[. The board shall submit the actuary's estimation to the  
3 Secretary of the Budget on or before November 1 of each year.  
4 If, in any year after 1988, the amount estimated is disapproved  
5 under section 610 of the act of April 9, 1929 (P.L.177, No.175),  
6 known as The Administrative Code of 1929, as insufficient to  
7 meet the funding requirements of this subsection or is not  
8 appropriated on or before July 1, the additional supplemental  
9 annuity provided for in this section shall be suspended until  
10 such time as an amount certified and approved as sufficient is  
11 appropriated], which amounts shall be paid during the period  
12 beginning July 1, 2002, and ending June 30, 2010. For fiscal  
13 years beginning on or after July 1, 2010, the additional  
14 liability provided in this section shall be funded as part of  
15 the actuarial accrued liability as provided in section 5508  
16 (relating to actuarial cost method).

17 \* \* \*

18 § 5708.3. Supplemental annuities commencing 1994.

19 \* \* \*

20 (f) Funding.--[The] For the period beginning July 1, 2002,  
21 and ending June 30, 2010, the additional liability for the  
22 increase in benefits provided in this section shall be funded in  
23 equal dollar annual installments over a period of ten years  
24 beginning July 1, 2002. For fiscal years beginning on or after  
25 July 1, 2010, the additional liability for the increase in  
26 benefits provided in this section shall be funded as part of the  
27 actuarial accrued liability as provided in section 5508  
28 (relating to actuarial cost method).

29 \* \* \*

30 § 5708.5. Supplemental annuities commencing 1998.

1 \* \* \*

2 (f) Funding.--[The] For the period beginning July 1, 2002,  
3 and ending June 30, 2010, the additional liability for the  
4 increase in benefits provided in this section shall be funded in  
5 equal dollar annual installments over a period of ten years  
6 beginning July 1, 2002. For fiscal years beginning on or after  
7 July 1, 2010, the additional liability for the increase in  
8 benefits provided in this section shall be funded as part of the  
9 actuarial accrued liability as provided in section 5508  
10 (relating to actuarial cost method).

11 \* \* \*

12 § 5708.6. Supplemental annuities commencing 2002.

13 \* \* \*

14 (f) Funding.--[The] For the period beginning July 1, 2003,  
15 and ending June 30, 2010, the additional liability for the  
16 increase in benefits provided in this section shall be funded in  
17 equal dollar annual installments over a period of ten years  
18 beginning July 1, 2003. For fiscal years beginning on or after  
19 July 1, 2010, the additional liability for the increase in  
20 benefits provided in this section shall be funded as part of the  
21 actuarial accrued liability as provided in section 5508  
22 (relating to actuarial cost method).

23 \* \* \*

24 § 5708.7. Supplemental annuities commencing 2003.

25 \* \* \*

26 (f) Funding.--[The] For the period beginning July 1, 2004,  
27 and ending June 30, 2010, the additional liability for the  
28 increase in benefits provided in this section shall be funded in  
29 equal dollar annual installments over a period of ten years  
30 beginning July 1, 2004. For fiscal years beginning on or after



1 July 1, 2010, the additional liability for the increase in  
2 benefits provided in this section shall be funded as part of the  
3 actuarial accrued liability as provided in section 5508  
4 (relating to actuarial cost method).

5 \* \* \*

6 § 5708.8. Special supplemental postretirement adjustment of  
7 2002.

8 \* \* \*

9 (g) Funding.--[The] For the period beginning July 1, 2003,  
10 and ending June 30, 2010, the additional liability for the  
11 increase in benefits provided in this section shall be funded in  
12 equal dollar annual installments over a period of ten years  
13 beginning July 1, 2003. For fiscal years beginning on or after  
14 July 1, 2010, the additional liability for the increase in  
15 benefits provided in this section shall be funded as part of the  
16 actuarial accrued liability as provided in section 5508  
17 (relating to actuarial cost method).

18 \* \* \*

19 § 5902. Administrative duties of the board.

20 \* \* \*

21 (k) Certification of employer contributions.--The board  
22 shall, each year in addition to the itemized budget required  
23 under section 5509 (relating to appropriations and assessments  
24 by the Commonwealth), certify, as a percentage of the members'  
25 payroll, the employers' contributions as determined pursuant to  
26 section 5508 (relating to actuarial cost method) necessary for  
27 the funding of prospective annuities for active members and the  
28 annuities of annuitants and certify the rates and amounts of the  
29 employers' normal contributions as determined pursuant to  
30 section 5508(b), accrued liability contributions as determined

1 pursuant to section 5508(c), supplemental annuities contribution  
2 rate as determined pursuant to section 5508(e) [and], the  
3 experience adjustment factor as determined pursuant to section  
4 5508(f), the collared contribution rate pursuant to section  
5 5508(h) and the final contribution rate pursuant to section  
6 5508(i), which shall be paid to the fund and credited to the  
7 appropriate accounts. The board may allocate the final  
8 contribution rate and certify various employer contribution  
9 rates based upon the different benefit eligibility, class of  
10 service multiplier, superannuation age and other benefit  
11 differences resulting from State service credited for individual  
12 members even though such allocated employer contribution rate on  
13 behalf of any given member may be more or less than 5% of the  
14 member's compensation for the period from July 1, 2010, to June  
15 30, 2011, or may differ from the prior year's contribution for  
16 that member by more or less than the percentages used to  
17 calculate the collared contribution rate for that year and may  
18 be below any minimum contribution rate established for the  
19 collared contribution rate or final contribution rate. These  
20 certifications shall be regarded as final and not subject to  
21 modification by the [Budget Secretary] Secretary of the Budget.

22 \* \* \*

23 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES AND MEMBERS. 

24 \* \* \*

25 (C) MULTIPLE SERVICE MEMBERSHIP.--ANY ACTIVE MEMBER WHO WAS  
26 FORMERLY AN ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES'  
27 RETIREMENT SYSTEM MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER.  
28 SUCH ELECTION SHALL OCCUR NO LATER THAN [30] 365 DAYS AFTER  
29 BECOMING AN ACTIVE MEMBER IN THIS SYSTEM.

30 \* \* \*

1 § 5934. State accumulation account.

2 The State accumulation account shall be the ledger account to  
3 which shall be credited all contributions of the Commonwealth or  
4 other employers whose employees are members of the system and  
5 made in accordance with the provisions of section 5507(a) or (d)  
6 (relating to contributions by the Commonwealth and other  
7 employers) except that the amounts received under the provisions  
8 of the act of May 12, 1943 (P.L.259, No.120), and the amounts  
9 received under the provisions of the Liquor Code, act of April  
10 12, 1951 (P.L.90, No.21), shall be credited to the State Police  
11 benefit account or the enforcement officers' benefit account as  
12 the case may be. All amounts transferred to the fund by county  
13 retirement systems or pension plans in accordance with the  
14 provisions of section 5507(c) also shall be credited to the  
15 State accumulation account. All amounts transferred to the fund  
16 by the Public School Employees' Retirement System in accordance  
17 with section 5303.2(e) (relating to election to convert school  
18 service to State service), except amounts credited to the  
19 members' savings account, and all amounts paid by the Department  
20 of Corrections in accordance with section 5303.2(f) also shall  
21 be credited to the State accumulation account. The State  
22 accumulation account shall be credited with valuation interest.  
23 The reserves necessary for the payment of annuities and death  
24 benefits as approved by the board and as provided in Chapter 57  
25 (relating to benefits) shall be transferred from the State  
26 accumulation account to the annuity reserve account provided for  
27 in section 5935 (relating to annuity reserve account), except  
28 that the reserves necessary on account of a member who is an  
29 officer of the Pennsylvania State Police or an enforcement  
30 officer shall be transferred from the State accumulation account

1 to the State Police benefit account provided for in section 5936  
2 (relating to State Police benefit account) or to the enforcement  
3 officers' benefit account as provided for in section 5937  
4 (relating to enforcement officers' benefit account) as the case  
5 may be. The reserves necessary for the payment of supplemental  
6 annuities in excess of those reserves credited to the  
7 supplemental annuity account on June 30, 2010, shall be  
8 transferred from the State accumulation account to the  
9 supplemental annuity account. In the event that supplemental  
10 annuities are increased by legislation enacted subsequent to  
11 December 31, 2009, the necessary reserves shall be transferred  
12 from the State accumulation account to the supplemental annuity  
13 account.

14 § 5938. Supplemental annuity account.

15 The supplemental annuity account shall be the ledger account  
16 to which shall be credited all contributions from the  
17 Commonwealth and other employers in accordance with section  
18 5507(b) (relating to contributions by the Commonwealth and other  
19 employers) for the payment of the supplemental annuities  
20 provided in sections 5708 (relating to supplemental annuities),  
21 5708.1 (relating to additional supplemental annuities), 5708.2  
22 (relating to further additional supplemental annuities), 5708.3  
23 (relating to supplemental annuities commencing 1994), 5708.4  
24 (relating to special supplemental postretirement adjustment),  
25 5708.5 (relating to supplemental annuities commencing 1998),  
26 5708.6 (relating to supplemental annuities commencing 2002),  
27 5708.7 (relating to supplemental annuities commencing 2003) and  
28 5708.8 (relating to special supplemental postretirement  
29 adjustment of 2002) made before July 1, 2010, the amount  
30 transferred from the State accumulation account to provide all

1 additional reserves necessary as of June 30, 2010, to pay such  
2 supplemental annuities and adjustments, and the amounts  
3 transferred from the State accumulation account to provide all  
4 additional reserves necessary as a result of supplemental  
5 annuities enacted after December 31, 2009. The supplemental  
6 annuity account shall be credited with valuation interest. The  
7 reserves necessary for the payment of such supplemental  
8 annuities shall be transferred from the supplemental annuity  
9 account to the annuity reserve account as provided in section  
10 5935 (relating to annuity reserve account).

11 Section 5. Contribution rates shall remain in effect until  
12 June 30, 2010, as follows:

13 (1) Notwithstanding the provisions of this act, the  
14 employer contribution rates certified by the Public School  
15 Employees' Retirement Board for fiscal year 2009-2010 shall  
16 remain in effect until June 30, 2010.

17 (2) Notwithstanding the provisions of this act, the  
18 employer contribution rates certified by the State Employees'  
19 Retirement Board for fiscal year 2009-2010 shall remain in  
20 effect until June 30, 2010.

21 Section 6. Recertification to the Secretary of the Budget  
22 shall be as follows:

23 (1) Notwithstanding any other provisions of law to the  
24 contrary, the Public School Employees' Retirement Board  
25 shall, effective for the fiscal year beginning July 1, 2010,  
26 recertify to the Secretary of the Budget, within 15 days of  
27 the effective date of this act, employer contributions,  
28 rates, factors and amounts set forth in 24 Pa.C.S. § 8502(k),  
29 as amended by this act. The recertification shall supersede  
30 the prior certification for all purposes.

1           (2) Notwithstanding any other provision of law to the  
2 contrary, the State Employees' Retirement Board shall,  
3 effective for the fiscal year beginning July 1, 2010,  
4 recertify to the Secretary of the Budget, within 15 days of  
5 the effective date of this act, the contributions, rates,  
6 factors and amounts set forth in 71 Pa.C.S. § 5902(k), as  
7 amended by this act. The recertification shall supersede the  
8 prior certification for all purposes.

9           Section 7. Certain public officials shall be held harmless,  
10 as follows:

11           (1) Notwithstanding any other provision of law,  
12 fiduciary requirement, actuarial standard of practice or  
13 other requirement to the contrary, the members of the Public  
14 School Employees' Retirement Board, the actuary and other  
15 employees and officials of the Public School Employees'  
16 Retirement System shall not be held liable or in breach or  
17 violation of any law or standard either as individuals or in  
18 their official capacity or as a governmental or corporate  
19 entity for any action or calculation related to calculating  
20 and certifying a final contribution rate as provided for in  
21 this act that is different from the actuarially required  
22 contribution rate as otherwise appropriately calculated under  
23 the provisions of the Public School Employees' Retirement  
24 Code.

25           (2) Notwithstanding any other provision of law,  
26 fiduciary requirement, actuarial standard of practice or  
27 other requirement to the contrary, the members of the State  
28 Employees' Retirement Board, the actuary and other employees  
29 and officials of the State Employees' Retirement System shall  
30 not be held liable or in breach or violation of any law or

1 standard either as individuals or in their official capacity  
2 or as a governmental or corporate entity for any action or  
3 calculation related to calculating and certifying a final  
4 contribution rate as provided for in this act that is  
5 different from the actuarially required contribution rate as  
6 otherwise appropriately calculated under the provisions of  
7 the State Employees' Retirement Code.

8 Section 8. Construction of a calculation or actuarial method  
9 shall be as follows:

10 (1) Nothing in this act shall be construed or deemed to  
11 imply that any calculation or actuarial method used by the  
12 Public School Employees' Retirement Board, its actuaries or  
13 the Public School Employees' Retirement System was not in  
14 accordance with the provisions of the Public School  
15 Employees' Retirement Code or other applicable law prior to  
16 the enactment of this act.

17 (2) Nothing in this act shall be construed or deemed to  
18 imply that any calculation or actuarial method used by the  
19 State Employees' Retirement Board, its actuaries or the State  
20 Employees' Retirement System was not in accordance with the  
21 provisions of the State Employees' Retirement Code or other  
22 applicable law prior to the enactment of this act.

23 Section 9. This act shall take effect immediately.