

1 **Senate Bill No. 507**

2 (By Senators Cann, Jenkins and McCabe)

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4 [Introduced March 13, 2013; referred to the Committee on
5 Pensions.]

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10 A BILL to amend and reenact §5-10-31 of the Code of West Virginia,
11 1931, as amended; and to amend and reenact §15-2A-5 of said
12 code, all relating to removing the requirement to set employer
13 contribution rate for the Public Employees Retirement System
14 and the State Police Retirement System by legislative rule;
15 and clarifying funding rate which affects employee
16 contribution rate in State Police Retirement System.

17 *Be it enacted by the Legislature of West Virginia:*

18 That §5-10-31 of the Code of West Virginia, 1931, as amended,
19 be amended and reenacted; and that §15-2A-5 of said code be amended
20 and reenacted, all to read as follows:

21 **CHAPTER 5. GENERAL POWERS AND AUTHORITY OF THE GOVERNOR,**
22 **SECRETARY OF STATE AND ATTORNEY GENERAL; BOARD**
23 **OF PUBLIC WORKS; MISCELLANEOUS AGENCIES, COMMISSIONS,**

1 OFFICES, PROGRAMS, ETC.

2 ARTICLE 10. WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT ACT.

3 §5-10-31. Employers accumulation fund; employers contributions.

4 (a) The employers accumulation fund is hereby continued. It
5 ~~shall be~~ is the fund in which shall be accumulated the
6 contributions made by the participating public employers to the
7 retirement system, and from which transfers shall be made as
8 provided in this section.

9 (b) Based upon the provisions of section thirteen of this
10 article, the participating public employers' contributions to the
11 retirement system, as determined by the Consolidated Public
12 Retirement Board ~~by legislative rule promulgated in accordance with~~
13 ~~the provisions of article three, chapter twenty-nine-a of this~~
14 ~~code~~, shall be a percent of the members' total annual compensation
15 related to benefits under this retirement system. In determining
16 the amount, the board shall give consideration to setting the
17 amount at a sum equal to an amount which, if paid annually by the
18 participating public employers, will be sufficient to provide for
19 the total normal cost of the benefits expected to become payable to
20 all members and to amortize any unfunded liability found by
21 application of the actuarial funding method chosen for that purpose
22 by the Consolidated Public Retirement Board, over a period of years
23 determined actuarially appropriate. ~~When proposing a rule for~~
24 ~~promulgation which relates to the amount of employer contribution,~~

1 ~~the board may promulgate emergency rules pursuant to the provisions~~
2 ~~of article three, chapter twenty-nine-a of this code, if the~~
3 ~~inability of the board to increase employer contributions will~~
4 ~~detrimentally affect the actuarial soundness of the retirement~~
5 ~~system. A signed statement from the state actuary shall accompany~~
6 ~~the statement of facts and circumstances constituting an emergency~~
7 ~~which shall be filed in the state Register. For purposes of this~~
8 ~~section, subdivision (2), subsection (b), section fifteen-a,~~
9 ~~article three, chapter twenty-nine-a of this code is not applicable~~
10 ~~to the Secretary of State's determination of whether an emergency~~
11 ~~rule should be approved.~~

12 **CHAPTER 15. PUBLIC SAFETY.**

13 **ARTICLE 2A. WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM.**

14 **§15-2A-5. Employee contributions; employer contributions;**
15 **forfeitures.**

16 (a) There shall be deducted from the monthly payroll of each
17 employee and paid into the fund created pursuant to section four of
18 this article twelve percent of the amount of his or her salary:
19 *Provided, That after July 1, 2008, if the unfunded liability*
20 funding percentage falls below the ninety-percent threshold, then
21 the employee rate of contribution shall be increased to thirteen
22 percent of the amount of the employee's salary until the ninety-
23 percent or better funding level is again achieved. Once that

1 funding level is achieved the employee contribution rate will be
2 reduced to twelve percent.

3 (b) The State of West Virginia's contributions to the
4 retirement system, as determined by the board ~~by legislative rule~~
5 ~~promulgated in accordance with the provisions of article three,~~
6 ~~chapter twenty-nine-a of this code,~~ shall be a percent of the
7 employees' total annual base salary related to benefits under this
8 retirement system. In determining the amount, the board shall give
9 consideration to setting the amount at a sum equal to an amount
10 which, if paid annually by the state, will be sufficient to provide
11 for the total normal cost of the benefits expected to become
12 payable to all members and retirants and to amortize any unfunded
13 liability found by application of the actuarial funding method
14 chosen for that purpose by the board over a period of years
15 determined actuarially appropriate. ~~When proposing a rule for~~
16 ~~promulgation which relates to the amount of employer contribution,~~
17 ~~the board may promulgate emergency rules pursuant to the provisions~~
18 ~~of article three, chapter twenty-nine-a of this code if the~~
19 ~~inability of the board to increase state contributions will~~
20 ~~detrimentally affect the actuarial soundness of the retirement~~
21 ~~system. A signed statement from the state actuary shall accompany~~
22 ~~the statement of facts and circumstances constituting an emergency~~
23 ~~which shall be filed in the state Register. For purposes of this~~
24 ~~section, subdivision (2), subsection (b), section fifteen-a,~~

1 ~~article three, chapter twenty nine a of this code is not applicable~~
2 ~~to the Secretary of State's determination of whether an emergency~~
3 ~~rule should be approved.~~ The state's contributions shall be paid
4 monthly into the fund created pursuant to section four of this
5 article out of the annual appropriation for the agency.

6 (c) Notwithstanding any other provisions of this article,
7 forfeitures under the system shall not be applied to increase the
8 benefits any member or retirant would otherwise receive under the
9 system.

(NOTE: The purpose of this bill is to remove the requirement for the Consolidated Public Retirement Board to set the employer contribution rate to the Public Employees Retirement System and the State Police Retirement System by legislative rule. The bill also clarifies the funding level which affects employee contribution rates for the State Police Retirement System.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.)