

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Committee Substitute

for

House Bill 2817

BY DELEGATES WALTERS, NELSON AND ESPINOSA

[Originating in the Committee on Finance;

March 24, 2017]

1 A BILL to amend and reenact §11B-2-20 of the Code of West Virginia, 1931, as amended; to
2 amend and reenact §18-9A-6a of said code; to amend and reenact §18A-4-2 of said code,
3 all relating to compensation, including retirement benefits, of educational personnel;
4 redirecting a certain amount of surplus funds to the unfunded liability of the Teachers
5 Retirement System from the amount otherwise directed to the Revenue Shortfall Reserve
6 Fund or left in the General Revenue Fund; extending the time period used by the actuary
7 in determining the allowance for the reduction of any unfunded liability of the state
8 Teachers Retirement System; providing for the fiscal year 2018 allowance for the
9 reduction of any unfunded liability in the Teachers Retirement Fund; providing for certain
10 transfers from the state debt reduction fund to the Teachers Retirement Fund and
11 providing for an additional amount to be paid to classroom teachers.

Be it enacted by the Legislature of West Virginia:

1 That §11B-2-20 of the Code of West Virginia, 1931, as amended, be amended and
2 reenacted; that §18-9A-6a of said code be amended and reenacted; that §18A-4-2 of said code
3 be amended and reenacted, all to read as follows:

CHAPTER 11B. DEPARTMENT OF REVENUE.

ARTICLE 2. STATE BUDGET OFFICE.

§11B-2-20. Reduction of appropriations; powers of Governor; Revenue Shortfall Reserve Fund and permissible expenditures therefrom.

1 (a) Notwithstanding any provision of this section, the Governor may reduce appropriations
2 according to any of the methods set forth in sections twenty-one and twenty-two of this article.
3 The Governor may, in lieu of imposing a reduction in appropriations, request an appropriation by
4 the Legislature from the Revenue Shortfall Reserve Fund established in this section.

5 (b) The Revenue Shortfall Reserve Fund is continued within the State Treasury. The
6 Revenue Shortfall Reserve Fund shall be funded continuously and on a revolving basis in

7 accordance with this subsection up to an aggregate amount not to exceed thirteen percent of the
8 total appropriations from the State Fund, General Revenue, for the fiscal year just ended. The
9 Revenue Shortfall Reserve Fund shall be funded as set forth in this subsection from surplus
10 revenues, if any, in the State Fund, General Revenue, as the surplus revenues may accrue from
11 time to time.

12 (1) Within sixty days of the end of each fiscal year, the secretary shall cause to be
13 deposited into the Revenue Shortfall Reserve Fund such amount of the first fifty percent of all
14 surplus revenues, if any, determined to have accrued during the fiscal year just ended, as may
15 be necessary to bring the balance of the Revenue Shortfall Reserve Fund to thirteen percent of
16 the total appropriations from the State Fund, General Revenue, for the fiscal year just ended. If
17 at the end of any fiscal year the Revenue Shortfall Reserve Fund is funded at an amount equal
18 to or exceeding thirteen percent of the state's General Revenue Fund budget for the fiscal year
19 just ended, then there shall be no further deposit by the secretary under the provisions of this
20 section of any surplus revenues as set forth in this subsection until that time the Revenue Shortfall
21 Reserve Fund balance is less than thirteen percent of the total appropriations from the State Fund,
22 General Revenue.

23 (2) Notwithstanding the provisions of subdivision (1) of this subsection or any other
24 provision of this code to the contrary, until the unfunded liability of the Teachers Retirement is
25 eliminated according to the provisions of subsection (d), section six-a, article nine-a, chapter
26 eighteen of this code, within sixty days of the end of each fiscal year, the Secretary shall cause
27 to be deposited into the Teachers Retirement Fund such amount of the first one-third of all surplus
28 revenues, in any, determined to have accrued during the fiscal year just ended; and into the
29 Revenue Shortfall Reserve Fund such amount of the next one-third of those surplus revenues,
30 as may be necessary to bring the balance of the Revenue Shortfall Reserve Fund to thirteen
31 percent of the total appropriations from the State Fund, General Revenue, for the fiscal year just
32 ended. If at the end of any fiscal year the Revenue Shortfall Reserve Fund is funded at an amount

33 equal to or exceeding thirteen percent of the state's General Revenue Fund budget for the fiscal
34 year just ended, then there shall be no further deposit by the secretary under the provisions of
35 this section of any surplus revenues as set forth in this subsection until that time the Revenue
36 Shortfall Reserve Fund balance is less than thirteen percent of the total appropriations from the
37 State Fund, General Revenue.

38 (c) Not earlier than November 1 of each calendar year, if the state's fiscal circumstances
39 are such as to otherwise trigger the authority of the Governor to reduce appropriations under this
40 section or section twenty-one or twenty-two of this article, then in that event the Governor may
41 notify the presiding officers of both houses of the Legislature in writing of his or her intention to
42 convene the Legislature pursuant to section nineteen, article VI of the Constitution of West
43 Virginia for the purpose of requesting the introduction of a supplementary appropriation bill or to
44 request a supplementary appropriation bill at the next preceding regular session of the Legislature
45 to draw money from the surplus Revenue Shortfall Reserve Fund to meet any anticipated revenue
46 shortfall. If the Legislature fails to enact a supplementary appropriation from the Revenue Shortfall
47 Reserve Fund during any special legislative session called for the purposes set forth in this section
48 or during the next preceding regular session of the Legislature, then the Governor may proceed
49 with a reduction of appropriations pursuant to sections twenty-one and twenty-two of this article.
50 Should any amount drawn from the Revenue Shortfall Reserve Fund pursuant to an appropriation
51 made by the Legislature prove insufficient to address any anticipated shortfall, then the Governor
52 may also proceed with a reduction of appropriations pursuant to sections twenty-one and twenty-
53 two of this article.

54 (d) Upon the creation of the fund, the Legislature is authorized and may make an
55 appropriation from the Revenue Shortfall Reserve Fund for revenue shortfalls, for emergency
56 revenue needs caused by acts of God or natural disasters or for other fiscal needs as determined
57 solely by the Legislature.

58 (e) Prior to October 31 in any fiscal year in which revenues are inadequate to make timely
59 payments of the state's obligations, the Governor may, by executive order, after first notifying the
60 presiding officers of both houses of the Legislature in writing, borrow funds from the Revenue
61 Shortfall Reserve Fund: *Provided*, That for the fiscal year 2014, pursuant to this subsection and
62 subject to all other conditions, requirements and limitations set forth in this section, the Governor
63 may borrow funds from the Revenue Shortfall Reserve Fund prior to the first day of April. The
64 amount of funds borrowed under this subsection shall not exceed one and one-half percent of the
65 general revenue estimate for the fiscal year in which the funds are to be borrowed, or the amount
66 the Governor determines is necessary to make timely payment of the state's obligations,
67 whichever is less. Any funds borrowed pursuant to this subsection shall be repaid, without
68 interest, and redeposited to the credit of the Revenue Shortfall Reserve Fund within ninety days
69 of their withdrawal.

70 (f) The Revenue Shortfall Reserve Fund – Part B is continued within the State Treasury.
71 The Revenue Shortfall Reserve Fund – Part B shall consist of moneys transferred from the West
72 Virginia Tobacco Settlement Medical Trust Fund pursuant to the provisions of section two, article
73 eleven-a, chapter four of this code, repayments made of the loan from the West Virginia Tobacco
74 Settlement Medical Trust Fund to the Physician's Mutual Insurance Company pursuant to the
75 provisions of article twenty-f, chapter thirty-three of this code and all interest and other return
76 earned on the moneys in the Revenue Shortfall Reserve Fund – Part B. Moneys in the Revenue
77 Shortfall Reserve Fund – Part B may be expended solely for the purposes set forth in subsection
78 (d) of this section, subject to the following conditions:

79 (1) No moneys in the Revenue Shortfall Reserve Fund – Part B nor any interest or other
80 return earned thereon may be expended for any purpose unless all moneys in the Revenue
81 Shortfall Reserve Fund described in subsection (b) of this section have first been expended,
82 except that the interest or other return earned on moneys in the Revenue Shortfall Reserve Fund
83 – Part B may be expended as provided in subdivision (2) of this subsection;

84 (2) Notwithstanding any other provision of this section to the contrary, the Legislature may
85 appropriate any interest and other return earned thereon that may accrue on the moneys in the
86 Revenue Shortfall Reserve Fund – Part B after June 30, 2025, for expenditure for the purposes
87 set forth in section three, article eleven-a, chapter four of this code; and

88 (3) Any appropriation made from Revenue Shortfall Reserve Fund – Part B shall be made
89 only in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature.

90 (g) Subject to the conditions upon expenditures from the Revenue Shortfall Reserve Fund
91 – Part B prescribed in subsection (f) of this section, in appropriating moneys pursuant to the
92 provisions of this section, the Legislature may in any fiscal year appropriate from the Revenue
93 Shortfall Reserve Fund and the Revenue Shortfall Reserve Fund – Part B a total amount up to,
94 but not exceeding, ten percent of the total appropriations from the State Fund, General Revenue,
95 for the fiscal year just ended.

96 (h) (1) Of the moneys in the Revenue Shortfall Reserve Fund, \$100 million, or such greater
97 amount as may be certified as necessary by the Director of the Budget Office for the purposes of
98 subsection (e) of this section, shall be made available to the West Virginia Board of Treasury
99 Investments for management and investment of the moneys in accordance with the provisions of
100 article six-c, chapter twelve of this code. All other moneys in the Revenue Shortfall Reserve Fund
101 shall be made available to the West Virginia Investment Management Board for management and
102 investment of the moneys in accordance with the provisions of article six, chapter twelve of this
103 code. Any balance of the Revenue Shortfall Reserve Fund, including accrued interest and other
104 return earned thereon at the end of any fiscal year, does not revert to the General Fund but shall
105 remain in the Revenue Shortfall Reserve Fund for the purposes set forth in this section.

106 (2) All of the moneys in the Revenue Shortfall Reserve Fund – Part B shall be made
107 available to the West Virginia Investment Management Board for management and investment of
108 the moneys in accordance with the provisions of article six, chapter twelve of this code. Any
109 balance of the Revenue Shortfall Reserve Fund – Part B, including accrued interest and other

110 return earned thereon at the end of any fiscal year, shall not revert to the General Fund but shall
111 remain in the Revenue Shortfall Reserve Fund – Part B for the purposes set forth in this section.

CHAPTER 18. EDUCATION

ARTICLE 9A. PUBLIC SCHOOL SUPPORT.

§18-9A-6a. Teachers Retirement Fund allowance; unfunded liability allowance.

1 (a) The total Teachers Retirement Fund allowance shall be the sum of the basic foundation
2 allowance for professional educators and the basic foundation allowance for service personnel,
3 as provided in sections four and five of this article; all salary equity appropriations authorized in
4 section five, article four of chapter eighteen-a; and such amounts as are to be paid by the counties
5 pursuant to sections five-a and five-b of said article to the extent such county salary supplements
6 are equal to the amount distributed for salary equity among the counties, multiplied by fifteen
7 percent.

8 (b) The Teachers Retirement Fund allowance amounts provided for in subsection (a) of
9 this section shall be accumulated in the employers accumulation fund of the state Teachers
10 Retirement System pursuant to section eighteen, article seven-a of this chapter, and shall be in
11 lieu of the contribution required of employers pursuant to subsection (b) of said section as to all
12 personnel included in the allowance for state aid in accordance with sections four and five of this
13 article.

14 (c) In addition to the Teachers Retirement Fund allowance provided for in subsection (a)
15 of this section, there shall be an allowance for the reduction of any unfunded liability of the
16 Teachers Retirement Fund in accordance with the following provisions of this subsection. On or
17 before December 31, of each year, the actuary or actuarial firm employed in accordance with the
18 provisions of section four, article ten-d, chapter five of this code shall submit a report to the
19 President of the Senate and the Speaker of the House of Delegates which sets forth an actuarial
20 valuation of the Teachers Retirement Fund as of the preceding thirtieth day of June. Each annual

21 report shall recommend the actuary's best estimate, at that time, of the funding necessary to both
22 eliminate the unfunded liability over a forty-year period beginning on July 1, 1994, and to meet
23 the cash flow requirements of the fund in fulfilling its future anticipated obligations to its members.
24 In determining the amount of funding required, the actuary shall take into consideration all funding
25 otherwise available to the fund for that year from any source: *Provided*, That the appropriation
26 and allocation to the Teachers Retirement Fund made pursuant to the provisions of section six-b
27 of this article shall be included in the determination of the requisite funding amount. In any year
28 in which the actuary determines that the Teachers Retirement Fund is not being funded in such
29 a manner, the allowance made for the unfunded liability for the next fiscal year shall be not less
30 than the amount of the actuary's best estimate of the amount necessary to conform to the funding
31 requirements set forth in this subsection.

32 (d) Notwithstanding any provision of subsection (c) of this section to the contrary,
33 beginning with the report required by subsection (c) of this section due on or before December
34 31, 2017, and for each annual report after that, the actuary or actuarial firm employed in
35 accordance with the provisions of section four, article ten-d, chapter five of this code shall
36 recommend the actuary's best estimate, at that time, of the funding necessary to both eliminate
37 the unfunded liability over a thirty-year period, as calculated on a level dollar amortization method,
38 beginning on July 1, 2016, and to meet the cash flow requirements of the fund in fulfilling its future
39 anticipated obligations to its members: *Provided*, That for fiscal year 2018, the allowance for the
40 reduction of any unfunded liability of the Teachers Retirement Fund is \$295,913,000.

41 (e) Notwithstanding any provision of subdivision (1), subsection (d), section twenty-seven,
42 article twenty-two-c, chapter twenty-nine of this code to the contrary, beginning in fiscal year 2021
43 and each year after that, the first \$20 million transferred into the State Debt Reduction Fund
44 created in section twenty-seven, article twenty-two-c, chapter twenty-nine of this code shall be
45 transferred to the Teachers Retirement Fund. The amount transferred pursuant to this subsection

46 is not to be considered by the actuary in determining allowance for reduction of the unfunded
 47 liability, but is to be an additional payment to accelerate the reduction of the unfunded liability.

CHAPTER 18A. SCHOOL PERSONNEL.

ARTICLE 4. SALARIES, WAGES AND OTHER BENEFITS.

§18A-4-2. State minimum salaries for teachers.

1 (a) It is the goal of the Legislature to increase the state minimum salary for teachers with
 2 zero years of experience and an A. B. degree, including the equity supplement, to at least \$43,000
 3 by fiscal year 2019.

4 (b) Beginning July 1, 2014, and continuing thereafter, each teacher shall receive the
 5 amount prescribed in the State Minimum Salary Schedule as set forth in this section, specific
 6 additional amounts prescribed in this section or article and any county supplement in effect in a
 7 county pursuant to section five-a of this article during the contract year.

STATE MINIMUM SALARY SCHEDULE

Years Exp.	4th Class	3rd Class	2 nd Class	A.B.	A.B. +15	M.A.	M.A. +15	M.A. +30	M.A. +45	Doc- torate
0	27,917	28,606	28,872	30,315	31,076	32,843	33,604	34,365	35,126	36,161
1	28,245	28,934	29,200	30,833	31,594	33,362	34,123	34,883	35,644	36,679
2	28,574	29,262	29,528	31,352	32,113	33,880	34,641	35,402	36,163	37,198
3	28,902	29,590	29,856	31,871	32,631	34,399	35,160	35,920	36,681	37,716
4	29,474	30,162	30,428	32,633	33,394	35,162	35,923	36,683	37,444	38,479
5	29,802	30,490	30,756	33,152	33,913	35,680	36,441	37,202	37,963	38,998
6	30,130	30,818	31,084	33,670	34,431	36,199	36,960	37,720	38,481	39,516
7	30,458	31,147	31,412	34,189	34,950	36,717	37,478	38,239	39,000	40,035
8	30,786	31,475	31,741	34,707	35,468	37,236	37,997	38,757	39,518	40,553
9	31,114	31,803	32,069	35,226	35,987	37,754	38,515	39,276	40,037	41,072
10	31,443	32,131	32,397	35,746	36,506	38,274	39,035	39,796	40,556	41,591
11	31,771	32,459	32,725	36,264	37,025	38,793	39,553	40,314	41,075	42,110
12	32,099	32,787	33,053	36,783	37,543	39,311	40,072	40,833	41,593	42,628
13	32,427	33,115	33,381	37,301	38,062	39,830	40,590	41,351	42,112	43,147
14	32,755	33,443	33,709	37,820	38,580	40,348	41,109	41,870	42,630	43,665
15	33,083	33,771	34,037	38,338	39,099	40,867	41,627	42,388	43,149	44,184

CS for HB 2817

16	33,411	34,099	34,365	38,857	39,617	41,385	42,146	42,907	43,667	44,702
17	33,739	34,428	34,693	39,375	40,136	41,904	42,665	43,425	44,186	45,221
18	34,067	34,756	35,022	39,894	40,655	42,422	43,183	43,944	44,705	45,740
19	34,395	35,084	35,350	40,412	41,173	42,941	43,702	44,462	45,223	46,258
20	34,723	35,412	35,678	40,931	41,692	43,459	44,220	44,981	45,742	46,777
21	35,052	35,740	36,006	41,449	42,210	43,978	44,739	45,499	46,260	47,295
22	35,380	36,068	36,334	41,968	42,729	44,496	45,257	46,018	46,779	47,814
23	35,708	36,396	36,662	42,487	43,247	45,015	45,776	46,536	47,297	48,332
24	36,036	36,724	36,990	43,005	43,766	45,534	46,294	47,055	47,816	48,851
25	36,364	37,052	37,318	43,524	44,284	46,052	46,813	47,574	48,334	49,369
26	36,692	37,380	37,646	44,042	44,803	46,571	47,331	48,092	48,853	49,888
27	37,020	37,708	37,974	44,561	45,321	47,089	47,850	48,611	49,371	50,406
28	37,348	38,037	38,302	45,079	45,840	47,608	48,368	49,129	49,890	50,925
29	37,676	38,365	38,631	45,598	46,358	48,126	48,887	49,648	50,408	51,443
30	38,004	38,693	38,959	46,116	46,877	48,645	49,405	50,166	50,927	51,962
31	38,333	39,021	39,287	46,635	47,396	49,163	49,924	50,685	51,445	52,480
32	38,661	39,349	39,615	47,153	47,914	49,682	50,443	51,203	51,964	52,999
33	38,989	39,677	39,943	47,672	48,433	50,200	50,961	51,722	52,483	53,518
34	39,317	40,005	40,271	48,190	48,951	50,719	51,480	52,240	53,001	54,036
35	39,645	40,333	40,599	48,709	49,470	51,237	51,998	52,759	53,520	54,555

8 (c) (1) Beginning July 1, 2017, each classroom teacher shall be paid the appropriate
9 amount listed in subsection (b) of this section and an additional eight hundred and eight dollars.

10 (2) Six hundred dollars shall be paid annually to each classroom teacher who has at least
11 twenty years of teaching experience.

12 (3) The payments required by subdivisions (1) and (2) of this subsection: (i) (A) Shall be
13 in addition to any amounts prescribed in the applicable State Minimum Salary Schedule; (ii) (B)
14 shall be paid in equal monthly installments; and (iii) (C) shall be considered a part of the state
15 minimum salaries for teachers.

16 (d) To meet the objective of salary equity among the counties as set forth in section five
17 of this article, each teacher shall be paid an equity supplement amount as applicable for his or
18 her classification of certification or classification of training and years of experience as follows,
19 subject to ~~the provisions of~~ that section:

20 (1) For “4th Class” at zero years of experience, \$1,781. An additional \$38 shall be paid for
21 each year of experience up to and including thirty-five years of experience;

22 (2) For “3rd Class” at zero years of experience, \$1,796. An additional \$67 shall be paid for
23 each year of experience up to and including thirty-five years of experience;

24 (3) For “2nd Class” at zero years of experience, \$1,877. An additional \$69 shall be paid
25 for each year of experience up to and including thirty-five years of experience;

26 (4) For “A. B.” at zero years of experience, \$2,360. An additional \$69 shall be paid for
27 each year of experience up to and including thirty-five years of experience;

28 (5) For “A. B. + 15” at zero years of experience, \$2,452. An additional \$69 shall be paid
29 for each year of experience up to and including thirty-five years of experience;

30 (6) For “M. A.” at zero years of experience, \$2,644. An additional \$69 shall be paid for
31 each year of experience up to and including thirty-five years of experience;

32 (7) For “M. A. + 15” at zero years of experience, \$2,740. An additional \$69 shall be paid
33 for each year of experience up to and including thirty-five years of experience;

34 (8) For “M. A. + 30” at zero years of experience, \$2,836. An additional \$69 shall be paid
35 for each year of experience up to and including thirty-five years of experience;

36 (9) For “M. A. + 45” at zero years of experience, \$2,836. An additional \$69 shall be paid
37 for each year of experience up to and including thirty-five years of experience; and

38 (10) For “Doctorate” at zero years of experience, \$2,927. An additional \$69 shall be paid
39 for each year of experience up to and including thirty-five years of experience.

40 These payments: (i) Shall be in addition to any amounts prescribed in the applicable State
41 Minimum Salary Schedule, any specific additional amounts prescribed in this section and article
42 and any county supplement in effect in a county pursuant to section five-a of this article; (ii) shall
43 be paid in equal monthly installments; and (iii) shall be considered a part of the state minimum
44 salaries for teachers.