

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

House Bill 2817

BY DELEGATES WALTERS, NELSON AND ESPINOSA

[Introduced March 7, 2017; Referred

to the Committee on Finance.]

1 A BILL to amend and reenact §18-9A-6a of the Code of West Virginia, 1931, as amended, relating
 2 to the unfunded liability of the state Teachers Retirement System; extending the time
 3 period used by the actuary in determining the allowance for the reduction of any unfunded
 4 liability of the state Teachers Retirement System; and providing for certain transfers from
 5 the state debt reduction fund to the Teachers Retirement Fund.

Be it enacted by the Legislature of West Virginia:

1 That §18-9A-6a of the Code of West Virginia, 1931, as amended, be amended and
 2 reenacted, to read as follows:

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 beginning on July 1, 2016, and to meet the cash
38 flow requirements of the fund in fulfilling its future anticipated obligations to its members: *Provided*,
39 That for fiscal year 2018, the allowance for the reduction of any unfunded liability of the Teachers
40 Retirement Fund is \$330,768,000.

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.

NOTE: The purpose of this bill is to provide for the reduction of the unfunded liability in the Teachers Retirement System over a 30 year period.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.