

WEST VIRGINIA LEGISLATURE

2018 REGULAR SESSION

Committee Substitute

for

Committee Substitute

for

Senate Bill 331

BY SENATORS KARNES, BOSO, CLINE, DRENNAN,

GAUNCH, MANN, RUCKER, SWOPE, SYPOLT, AND BLAIR

[Originating in the Committee on Finance; Reported

on February 22, 2018]

1 A BILL to amend and reenact §5-10-2 and §5-10-52 of the Code of West Virginia, 1931, as
2 amended; to amend said code by adding thereto a new section, designated §5-10-56; and
3 to amend said code by adding thereto a new section, designated §18-7A-17c, all relating
4 to retirement and pension benefits of certain members of the West Virginia Public
5 Employees Retirement System and the West Virginia Teachers Retirement System who
6 serve in the Legislature; and providing that persons who first become members of the
7 retirement system after June 30, 2018, shall have their final average salary calculated
8 based on total years of service; and providing that members of the Legislature shall
9 receive one day of credited service for each day paid.

Be it enacted by the Legislature of West Virginia:

**CHAPTER 5. GENERAL POWERS AND AUTHORITY OF THE
GOVERNOR, SECRETARY OF STATE, AND ATTORNEY GENERAL;
BOARD OF PUBLIC WORKS; MISCELLANEOUS AGENCIES,
COMMISSIONS, OFFICES, PROGRAMS, ETC.**

ARTICLE 10. WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT ACT.

§5-10-2. Definitions.

1 Unless a different meaning is clearly indicated by the context, the following words and
2 phrases as used in this article have the following meanings:

3 (1) "Accumulated contributions" means the sum of all amounts deducted from the
4 compensations of a member and credited to his or her individual account in the member's' deposit
5 fund, together with regular interest on the contributions;

6 (2) "Accumulated net benefit" means the aggregate amount of all benefits paid to or on
7 behalf of a retired member;

8 (3) "Actuarial equivalent" means a benefit of equal value computed upon the basis of a
9 mortality table and regular interest adopted by the board of trustees from time to time: *Provided,*
10 That when used in the context of compliance with the federal maximum benefit requirements of
11 Section 415 of the Internal Revenue Code, actuarial equivalent shall be computed using the
12 mortality tables and interest rates required to comply with those requirements;

13 (4) "Annuity" means an annual amount payable by the retirement system throughout the
14 life of a person. All annuities shall be paid in equal monthly installments, rounding to the upper
15 cent for any fraction of a cent;

16 (5) "Annuity reserve" means the present value of all payments to be made to a retirant or
17 beneficiary of a retirant on account of any annuity, computed upon the basis of mortality and other
18 tables of experience, and regular interest, adopted by the board of trustees from time to time;

19 (6) "Beneficiary" means any person, except a retirant, who is entitled to, or will be entitled
20 to, an annuity or other benefit payable by the retirement system;

21 (7) "Board of trustees" or "board" means the Board of Trustees of the West Virginia
22 Consolidated Public Retirement System;

23 (8) "Compensation" means the remuneration paid a member by a participating public
24 employer for personal services rendered by the member to the participating public employer. In
25 the event a member's remuneration is not all paid in money, his or her participating public
26 employer shall fix the value of the portion of the remuneration which is not paid in money:
27 *Provided,* That members hired in a position for the first time on or after July 1, 2014, who receive
28 nonmonetary remuneration shall not have nonmonetary remuneration included in compensation
29 for retirement purposes and nonmonetary remuneration may not be used in calculating a
30 member's final average salary. Any lump sum or other payments paid to members that do not
31 constitute regular salary or wage payments are not considered compensation for the purpose of
32 withholding contributions for the system or for the purpose of calculating a member's final average
33 salary. These payments include, but are not limited to, attendance or performance bonuses, one-

34 time flat fee or lump sum payments, payments paid as a result of excess budget, or employee
35 recognition payments. The board shall have final power to decide whether the payments shall be
36 considered compensation for purposes of this article;

37 (9) "Contributing service" means service rendered by a member within this state and for
38 which the member made contributions to a public retirement system account of this state, to the
39 extent credited him or her as provided by this article;

40 (10) "Credited service" means the sum of a member's prior service credit, military service
41 credit, workers' compensation service credit and contributing service credit standing to his or her
42 credit as provided in this article;

43 (11) "Employee" means any person who serves regularly as an officer or employee, full-
44 time, on a salary basis, whose tenure is not restricted as to temporary or provisional appointment,
45 in the service of, and whose compensation is payable, in whole or in part, by any political
46 subdivision, or an officer or employee whose compensation is calculated on a daily basis and
47 paid monthly or on completion of assignment, including technicians and other personnel
48 employed by the West Virginia National Guard whose compensation, in whole or in part, is paid
49 by the federal government: *Provided*, That an employee of the Legislature whose term of
50 employment is otherwise classified as temporary and who is employed to perform services
51 required by the Legislature for its regular sessions or during the interim between regular sessions
52 and who has been or is employed during regular sessions or during the interim between regular
53 sessions in seven or more consecutive calendar years, as certified by the clerk of the house in
54 which the employee served, is an employee, any provision to the contrary in this article
55 notwithstanding, and is entitled to credited service in accordance with provisions of §5-10-14 of
56 this code: *Provided, however*, That members of the legislative body of any political subdivision
57 and ~~judges of the state Court of Claims~~ commissioners of the West Virginia Legislative Claims
58 Commission are employees receiving one year of service credit for each one-year term served
59 and prorated service credit for any partial term served, anything contained in this article to the

60 contrary notwithstanding: *Provided further*, That only a compensated board member of a
61 participating public employer appointed to a board of a nonlegislative body for the first time on or
62 after July 1, 2014, who normally is required to work ~~12~~ twelve months per year and ~~1,040~~ one
63 ~~thousand forty hours~~ of service per year is an employee. In any case of doubt as to who is an
64 employee within the meaning of this article, the board of trustees shall decide the question;

65 (12) "Employer error" means an omission, misrepresentation, or violation of relevant
66 provisions of the West Virginia Code or of the West Virginia Code of State Regulations or the
67 relevant provisions of both the West Virginia Code and of the West Virginia Code of State
68 Regulations by the participating public employer that has resulted in an underpayment or
69 overpayment of contributions required. A deliberate act contrary to the provisions of this section
70 by a participating public employer does not constitute employer error;

71 (13) "Final average salary" means either of the following: *Provided*, That salaries for
72 determining benefits during any determination period may not exceed the maximum
73 compensation allowed as adjusted for cost of living in accordance with §5-10D- 7 of this code and
74 Section 401 (a) (17) of the Internal Revenue Code: *Provided, however*, That the provisions of §5-
75 10-22h of this code are not applicable to the amendments made to this subdivision during the
76 2011 regular session of the Legislature:

77 (A) The average of the highest annual compensation received by a member, including a
78 member of the Legislature who participates in the retirement system in the year 1971 or thereafter,
79 during any period of three consecutive years of credited service contained within the member's
80 15 years of credited service immediately preceding the date his or her employment with a
81 participating public employer last terminated: *Provided*, That for persons who were first hired on
82 or after July 1, 2015, any period of five consecutive years of contributing service contained within
83 the member's ~~15~~ fifteen years of credited service immediately preceding the date his or her
84 employment with a participating public employer last terminated: *Provided, however*, That for a

85 member of the Legislature who made his or her first contribution to the member's deposit fund
86 after June 30, 2018, final average salary is computed as provided in §5-10-52 of this code; or

87 (B) If the member has less than five years of credited service, the average of the annual
88 rate of compensation received by the member during his or her total years of credited service;
89 and in determining the annual compensation, under either §5-10-2(13)(A) or §5-10-2(13)(B) of
90 this code, of a member of the Legislature who participates in the retirement system as a member
91 of the Legislature in the year 1971, or in any year thereafter, his or her actual legislative
92 compensation (the total of all compensation paid under §4-2A-2, §4-2A-3, §4-2A-4, and §4-2A-5
93 of this code), in the year 1971, or in any year thereafter, plus any other compensation he or she
94 receives in any year from any other participating public employer including the State of West
95 Virginia, without any multiple in excess of one times his or her actual legislative compensation
96 and other compensation, shall be used: *Provided*, That final average salary for any former
97 member of the Legislature or for any member of the Legislature in the year 1971 who, in either
98 event, was a member of the Legislature on November 30, 1968, or November 30, 1969, or
99 November 30, 1970, or on November 30 in any one or more of those three years and who
100 participated in the retirement system as a member of the Legislature in any one or more of those
101 years means: (i) Either, notwithstanding the provisions of this subdivision preceding this proviso,
102 \$1,500 multiplied by eight, plus the highest other compensation the former member or member
103 received in any one of the three years from any other participating public employer including the
104 State of West Virginia; or (ii) final average salary determined in accordance with §5-10-2(13)(A)
105 or §5-10-2(13)(B) of this code, whichever computation produces the higher final average salary,
106 and in determining the annual compensation under §5-10-2(13)(B)(ii) of this code, the legislative
107 compensation of the former member shall be computed on the basis of \$1,500 multiplied by eight,
108 and the legislative compensation of the member shall be computed on the basis set forth in the
109 provisions of this ~~subdivision immediately preceding this paragraph~~ section or on the basis of

110 \$1,500 multiplied by eight, whichever computation ~~as to the member~~ produces the higher annual
111 compensation;

112 (14) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended,
113 codified at Title 26 of the United States Code;

114 (15) "Limited credited service" means service by employees of the West Virginia
115 Educational Broadcasting Authority, in the employment of West Virginia University, during a
116 period when the employee made contributions to another retirement system, as required by West
117 Virginia University, and did not make contributions to the Public Employees Retirement System:
118 *Provided*, That while limited credited service can be used for the formula set forth in §5-10-21(e)
119 of this code, it may not be used to increase benefits calculated under §5-10-22 of this code;

120 (16) "Member" means any person who has accumulated contributions standing to his or
121 her credit in the member's' deposit fund;

122 (17) "Participating public employer" means the State of West Virginia, any board,
123 commission, department, institution, or spending unit and includes any agency created by rule of
124 the Supreme Court of Appeals having full-time employees, which for the purposes of this article
125 is considered a department of state government; and any political subdivision in the state which
126 has elected to cover its employees, as defined in this article, under the West Virginia Public
127 Employees Retirement System;

128 (18) "Plan year" means the same as referenced in §5-10-42 of this code;

129 (19) "Political subdivision" means the State of West Virginia, a county, city, or town in the
130 state; a school corporation or corporate unit; any separate corporation or instrumentality
131 established by one or more counties, cities, or towns, as permitted by law; any corporation or
132 instrumentality supported in most part by counties, cities, or towns; and any public corporation
133 charged by law with the performance of a governmental function and whose jurisdiction is
134 coextensive with one or more counties, cities, or towns: *Provided*, That any mental health agency
135 participating in the Public Employees Retirement System before July 1, 1997, is considered a

136 political subdivision solely for the purpose of permitting those employees who are members of the
137 Public Employees Retirement System to remain members and continue to participate in the
138 retirement system at their option after July 1, 1997: *Provided, however,* That the Regional
139 Community Policing Institute which participated in the Public Employees Retirement System
140 before July 1, 2000, is considered a political subdivision solely for the purpose of permitting those
141 employees who are members of the Public Employees Retirement System to remain members
142 and continue to participate in the Public Employees Retirement System after July 1, 2000;

143 (20) "Prior service" means service rendered prior to July 1, 1961, to the extent credited a
144 member as provided in this article;

145 (21) "Regular interest" means the rate or rates of interest per annum, compounded
146 annually, as the board of trustees adopts from time to time;

147 (22) "Required beginning date" means April 1 of the calendar year following the later of:

148 (A) The calendar year in which the member attains age ~~70~~seventy and one-half years of
149 age; or

150 (B) The calendar year in which a member who has attained the age ~~70~~seventy and one-
151 half years of age and who ceases providing service covered under this system to a participating
152 employer;

153 (23) "Retirant" means any member who commences an annuity payable by the retirement
154 system;

155 (24) "Retirement" means a member's withdrawal from the employ of a participating public
156 employer and the commencement of an annuity by the retirement system;

157 (25) "Retirement system" or "system" means the West Virginia Public Employees
158 Retirement System created and established by this article;

159 (26) "Retroactive service" means: (1) Service between July 1, 1961, and the date an
160 employer decides to become a participating member of the Public Employees Retirement System;

161 (2) service prior to July 1, 1961, for which the employee is not entitled to prior service at no cost

162 in accordance with 162 CSR 5.13; and (3) service of any member of a legislative body or
163 employees of the State Legislature whose term of employment is otherwise classified as
164 temporary for which the employee is eligible, but for which the employee did not elect to participate
165 at that time;

166 (27) "Service" means personal service rendered to a participating public employer by an
167 employee of a participating public employer; and

168 (28) "State" means the State of West Virginia.

**§5-10-52. Specific provisions relating to certain members of the Legislature and certain
service by members of the Legislature.**

1 (a) The provisions of this article specifying that a legislator may be a member of the
2 retirement system and at the same time also a member of another state or political subdivision
3 retirement program and may receive credit in the retirement system from two or more public
4 employments simultaneously and authorizing automatic increases in the annuities of retired
5 legislators based upon increases in compensation paid to members of the Legislature shall not
6 be applicable to any member of the Legislature who first becomes a member of the retirement
7 system as a member of the Legislature during the year 1971 ~~one thousand nine hundred seventy-~~
8 ~~one~~, or any year thereafter, nor shall such provisions be applicable to the computation of service,
9 credited service or benefits for any period of service as a member of the Legislature for the year
10 1971 ~~one thousand nine hundred seventy-one~~, or any year thereafter.

11 (b) Notwithstanding §5-10-2(13) of this code and 162 CSR 5-5 of the rules governing the
12 Public Employees Retirement System, "final average salary" means the average of the total
13 compensation received by a member from January 1 through December 31 during his or her total
14 years of credited service for any member meeting the following criteria:

15 (1) The member served as a member of the Legislature and, after June 30, 2018, made
16 his or her first contribution to the member's deposit fund.

17 (2) The member thereafter claims retirement benefits under this article based, in whole or
18 in part, on his or her years of contributing service as a member of the Legislature.

§5-10-56. Calculating service credit for work as a legislator after certain date.

1 Other provisions in this code notwithstanding, a person who serves as a member of the
2 Legislature and makes his or her first contribution to the member's deposit fund after June 30,
3 2018 shall receive one day of credited service for each day paid for a regular, special,
4 extraordinary, interim, or extended session or for any day the member may be called to official
5 duty by the leadership of the member's respective chamber: *Provided*, That no more than one
6 day of credit service may be earned for any calendar day. The board shall credit a member of the
7 Legislature under the provisions of this section one month of credited service for each calendar
8 month in which he or she is paid for 10 or more days.

CHAPTER 18. EDUCATION.

ARTICLE 7A. STATE TEACHERS RETIREMENT SYSTEM.

§18-7A-17c. Calculating service credit for work as a legislator after certain date.

1 Other provisions in this code notwithstanding, a person who serves as a member of the
2 Legislature and makes his or her first contribution to the member's deposit fund after June 30,
3 2018, and who is or becomes a member of the Teachers Retirement System, shall receive one
4 day of credited service for each day paid for regular, special, extraordinary, interim, or extended
5 session, or for any day the member may be called to official duty by the leadership of the
6 member's respective chamber: *Provided*, That no more than one day of credited service may be
7 earned for any calendar day.

NOTE: The purpose of this bill is to is to require that, for calculating retirement benefits under the West Virginia Public Employees Retirement Act, the final average salary for members of the Legislature taking office after June 30, 2018 and thereafter participating in the retirement system as a member of the Legislature be the average of the member's annual rate of compensation during his or her total years of credited service. Furthermore,

the bill limits pension service credit for members of the Legislature to no more than one day of service credit for any calendar day engaged in official duty.

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