

# SENATE BILL No. 219

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.4-2.

**Synopsis:** Teacher's retirement fund appropriation. Requires the auditor of state to transfer \$100,000,000 each state fiscal year from the pension stabilization fund to the department of education to be used by the department of education to provide supplemental funding for teacher salaries. Makes a continuing appropriation for this purpose. Requires the board of the Indiana public retirement system to revise the amortization period used by the board for the actuarial determination with regard to the pension stabilization fund to extend the amortization period for the required appropriations to the fund beyond an ending year of 2038, which was used by the board for the actuarial determination for the state fiscal year ending June 30, 2021, to an amortization period for the actuarial determination that extends beyond year 2038 in order to account for the annual transfers from the pension stabilization fund, but without any increase to contribution rates for those state fiscal years. Extends the allowable amortization period from 30 years to 37 years.

**Effective:** Upon passage.

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January 7, 2021, read first time and referred to Committee on Appropriations.

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First Regular Session of the 122nd General Assembly (2021)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2020 Regular Session of the General Assembly.

## SENATE BILL No. 219

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 5-10.4-2-4, AS AMENDED BY P.L.127-2018,  
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 4. (a) The general assembly shall appropriate  
4 an amount from the state general fund that is sufficient to cover the  
5 state's actuarial liability for each member covered by the pre-1996  
6 account and for each state employee covered by the 1996 account. The  
7 board may reduce this liability by the amount of interest earned on the  
8 deposits in the fund. This liability is determined by the actuarial  
9 investigation required by IC 5-10.2-2-9.

10 (b) The actuarial investigation and the board shall include in the  
11 determination of the liability, contribution rate, and appropriation the  
12 amount necessary to fully fund any past and estimated future cost of  
13 living increases for members of the pre-1996 account and the 1996  
14 account, amortized over a term determined by the board that does not  
15 exceed ~~thirty (30)~~ **thirty-seven (37)** years. However, after June 30,  
16 2018, the actuarial investigation must incorporate the requirements  
17 specified in IC 5-10.2-2-9(d), and the board shall segregate from its



1 determination of contributions and contribution rates any amounts  
 2 attributable to estimated future postretirement benefit increases,  
 3 thirteenth checks, or other benefit changes or adjustments granted by  
 4 the general assembly after June 30, 2018.

5 (c) The board shall:

6 (1) prepare its budget based on this investigation and for other  
 7 specified expenditures; and

8 (2) submit the budget to the governor or to another officer or  
 9 committee authorized by law to recommend the necessary  
 10 appropriation.

11 (d) Each school corporation shall contribute to the 1996 account as  
 12 specified in IC 5-10.4-7.

13 (e) If members receive compensation from federal funds, the board  
 14 shall determine the employer's contribution, excluding administrative  
 15 expenses, at the end of each fiscal year, to be paid from federal funds.  
 16 The amount shall be determined by a method adopted by the board that  
 17 results in an equitable sharing of the employer contribution by the  
 18 federal government on account of members receiving compensation  
 19 from federal funds.

20 **(f) On or before July 1, 2021, the board shall revise the**  
 21 **amortization period used by the board for the actuarial**  
 22 **determination under subsections (a) and (b) for the state fiscal year**  
 23 **beginning July 1, 2021, and ending June 30, 2022, and each state**  
 24 **fiscal year thereafter, with regard to the pre-1996 account to**  
 25 **extend the amortization period for the actuarial determination**  
 26 **from an amortization period based on an ending year of 2038, as**  
 27 **used by the board for the actuarial determination for the state**  
 28 **fiscal year ending June 30, 2021, to an amortization period for the**  
 29 **actuarial determination that extends beyond year 2038 in order to**  
 30 **account for the transfers from the pension stabilization fund each**  
 31 **state fiscal year under section 5(e) of this chapter, but without any**  
 32 **increase to contribution rates for those state fiscal years.**

33 SECTION 2. IC 5-10.4-2-5, AS AMENDED BY P.L.127-2018,  
 34 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 UPON PASSAGE]: Sec. 5. (a) The pension stabilization fund is  
 36 established. The pension stabilization fund is a part of the pre-1996  
 37 account and shall be administered by the board in accordance with the  
 38 powers and duties granted to the board by IC 5-10.4-3-10 through  
 39 IC 5-10.4-3-14, IC 5-10.5-4, and IC 5-10.5-6.

40 (b) The following shall be deposited in the pension stabilization  
 41 fund:

42 (1) Amounts allocated to the pension stabilization fund by the



- 1 board from amounts transferred to the Indiana public retirement  
2 system under IC 4-30-16-3.
- 3 (2) A part of the employer reserve balance as determined by the  
4 budget director so that the employer reserve is sufficient for the  
5 cash flow needs.
- 6 (3) Other amounts appropriated to the pension stabilization fund  
7 by the general assembly.
- 8 (c) Payments from the pension stabilization fund must equal the  
9 pre-1996 account liabilities for the current fiscal year minus the prior  
10 year's state general fund payments for the pre-1996 account multiplied  
11 by the pension stabilization percentage set forth in subsection (d).
- 12 (d) The pension stabilization percentage is one hundred six percent  
13 (106%). The budget agency, after review by the budget committee and  
14 with the approval of the governor, may change the pension stabilization  
15 percentage so that the present value of future payments from the fund  
16 equal the fund's balance plus the present value of future receipts to the  
17 fund, but the payments may not allow the fund balance to be negative.
- 18 **(e) For the state fiscal year beginning July 1, 2021, and ending**  
19 **June 30, 2022, and each state fiscal year thereafter, the auditor of**  
20 **state shall transfer one hundred million dollars (\$100,000,000)**  
21 **from the pension stabilization fund to the department of education**  
22 **to be used by the department of education to provide supplemental**  
23 **funding for teacher salaries. Money in the fund is continually**  
24 **appropriated for the purpose of this subsection.**
- 25 (f) Money in the pension stabilization fund at the end of a state  
26 fiscal year does not revert to the state general fund.
- 27 SECTION 3. **An emergency is declared for the act.**

