

RETIREMENT OFFICE AMENDMENTS

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Ann W. Hardy

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act provisions, including many technical or conforming amendments.

Highlighted Provisions:

This bill:

- ▶ adds "Utah State Retirement Systems" as an alternative official name for the Utah State Retirement Office;
- ▶ provides that reemployment restrictions following retirement does not apply to appointive officers;
- ▶ amends the length of time a participating employer is required to maintain records needed for retirement purposes to the earliest of three years after the date of retirement or the date of death of the employee;
- ▶ amends the criteria for being unable to locate surviving beneficiaries in order to pay benefits to within 12 months of the date a reasonable attempt is made to locate the beneficiaries;
- ▶ allows a retiree in either the contributory or noncontributory system whose retirement date is on or after July 1, 1995, to make an irrevocable cancellation of lump-sum death benefits;
- ▶ requires a member in the contributory system who is transferred or reemployed to transfer to the noncontributory system if the new employer is a participating employer in the noncontributory system;
- ▶ provides that contribution rates for each participating employer in the public safety contributory system and the public safety noncontributory systems may be different based on the

participating employers current funding status and actuarial experience;

- ▶ provides that employers that maintain a regularly constituted fire department are eligible to participate in the firefighters retirement system;
- ▶ provides that employees who have medical employee benefit plan coverage at the time of their retirement are eligible for future Medicare supplement coverage; and
- ▶ makes technical corrections.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2004.

Utah Code Sections Affected:

AMENDS:

- 49-11-201**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-11-504**, as last amended by Chapter 240, Laws of Utah 2003
- 49-11-602**, as last amended by Chapter 240, Laws of Utah 2003
- 49-11-609**, as last amended by Chapter 240, Laws of Utah 2003
- 49-11-612**, as last amended by Chapter 240, Laws of Utah 2003
- 49-12-404**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-13-205**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-13-404**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-14-301**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-15-301**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-16-201**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-19-401**, as last amended by Chapter 240, Laws of Utah 2003
- 49-19-402**, as enacted by Chapter 250, Laws of Utah 2002
- 49-20-201**, as renumbered and amended by Chapter 250, Laws of Utah 2002
- 49-20-401**, as last amended by Chapter 240, Laws of Utah 2003

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-11-201** is amended to read:

49-11-201. Establishment of retirement office -- An independent state agency -- Office exemption.

(1) (a) There is established the Utah State Retirement Office, which may also be known and function as the Utah State Retirement Systems.

(b) The office shall administer the systems, plans, and programs and perform all other functions assigned to it under this title.

(2) (a) The office is an independent state agency.

(b) It is subject to legislative and executive department budgetary review and comment.

(3) The office may establish branch offices upon approval of the board.

(4) The board and office are exempt from those acts which are applicable to state and other governmental entities under this code.

Section 2. Section **49-11-504** is amended to read:

49-11-504. Reemployment of a retiree -- Restrictions.

(1) A person who retires from a nonparticipating employer is not subject to any postretirement restrictions under this title.

(2) A retiree of an agency who returns to work at a different agency is not subject to any postretirement restrictions under this section and may not earn additional service credit.

(3) For the purposes of Subsections (4) and (5), "full-time" employment means employment requiring 20 hours of work per week or more or at least a half-time teaching contract.

(4) A retiree of an agency who is reemployed on a full-time basis by the same agency within six months of the date of retirement is subject to the following:

(a) the agency shall immediately notify the office;

(b) the office shall cancel the retiree's allowance and reinstate the retiree to active member status;

(c) the allowance cancellation and reinstatement to active member status is effective on

the first day of the month following the date of reemployment;

(d) the reinstated retiree may not retire again with a recalculated benefit for a two-year period from the date of cancellation of the original allowance, and if the retiree retires again within the two-year period, the original allowance shall be resumed; and

(e) a reinstated retiree retiring after the two-year period shall be credited with the service credit in the retiree's account at the time of the first retirement and from that time shall be treated as a member of a system, including the accrual of additional service credit, but subject to recalculation of the allowance under Subsection (9).

(5) A retiree of an agency who is reemployed by the same agency within six months of retirement on a less than full-time basis by the same agency is subject to the following:

(a) the retiree may earn, without penalty, compensation from that position which is not in excess of the exempt earnings permitted by Social Security;

(b) if a retiree receives compensation in a calendar year in excess of the Social Security limitation, 25% of the allowance shall be suspended for the remainder of the six-month period;

(c) the effective date of a suspension and reinstatement of an allowance shall be set by the office; and

(d) any suspension of a retiree's allowance under this Subsection (5) shall be applied on a calendar year basis.

(6) For six months immediately following retirement, the retiree and participating employer shall:

(a) maintain an accurate record of gross earnings in employment;

(b) report the gross earnings at least monthly to the office;

(c) immediately notify the office in writing of any postretirement earnings under Subsection (4); and

(d) immediately notify the office in writing whether postretirement earnings equal or exceed the exempt earnings under Subsection (5).

(7) A retiree of an agency who is reemployed by the same agency after six months from the retirement date is not subject to any postretirement [~~penalties~~] restrictions under this title and

may not earn additional service credit.

(8) If a participating employer hires a retiree that may not earn additional service credit under this section, the participating employer shall contribute the same percentage of a retiree's salary that the participating employer would have been required to contribute if the retiree were an active member, up to the amount allowed by federal law, to a retiree designated:

(a) defined contribution plan administered by the board, if the participating employer participates in the defined contribution plan administered by the board; or

(b) defined contribution plan offered by the participating employer if the participating employer does not participate in a defined contribution plan administered by the board.

(9) Notwithstanding any other provision of this section, a retiree who has returned to work, accrued additional service credit, and again retires shall have the retiree's allowance recalculated using:

(a) the formula in effect at the date of the retiree's original retirement for all service credit accrued prior to that date; and

(b) the formula in effect at the date of the subsequent retirement for all service credit accrued between the first and subsequent retirement dates.

(10) This section does not apply to appointive officers or elected positions.

(11) The board may make rules to implement this section.

Section 3. Section **49-11-602** is amended to read:

49-11-602. Participating employer to maintain records -- Time limit -- Penalties for failure to comply.

(1) A participating employer shall maintain records necessary to calculate benefits under this title and other records necessary for proper administration of this title as required by the office.

(2) A participating employer shall maintain the records required under Subsection (1) until the [~~latest~~] earliest of:

(a) three years after the date of retirement of the employee from a system or plan;

(b) three years after the date of death of the employee; or

(c) 65 years from the date [~~the employee terminates~~] of employment with the participating employer.

(3) A participating employer shall be liable to the office for:

(a) any liabilities and expenses, including administrative expenses and the cost of increased benefits to members, resulting from the participating employer's failure to maintain records under this section; and

(b) a penalty equal to 1% of the participating employer's last month's contributions.

(4) The executive director may waive all or any part of the interest, penalties, expenses, and fees if the executive director finds there were extenuating circumstances surrounding the participating employer's failure to comply with this section.

(5) The executive director may estimate the length of service, compensation, or age of any member, if that information is not contained in the records.

Section 4. Section **49-11-609** is amended to read:

49-11-609. Beneficiary designations -- Revocation of beneficiary designation -- Procedure -- Beneficiary not designated -- Payment to survivors in order established under the Uniform Probate Code -- Restrictions on payment -- Payment of deceased's expenses.

(1) As used in this section, "member" includes a member, retiree, participant, covered individual, a spouse of a retiree participating in the insurance benefits created by Sections 49-12-404 and 49-13-404, or an alternate payee under a domestic relations order dividing a defined contribution account.

(2) The most recent beneficiary designations contained in office records, including electronic records, at the time of the member's death are binding in the payment of any benefits due under this title.

(3) (a) Except where an optional continuing benefit is chosen, or the law makes a specific benefit designation to a dependent spouse, a member may revoke a beneficiary designation at any time and may execute and file a different beneficiary designation with the office.

(b) A change of beneficiary designation shall be completed on forms provided by the office.

(4) (a) All benefits payable by the office may be paid or applied to the benefit of the surviving next of kin of the deceased in the order of precedence established under Title 75, Chapter 2, Intestate Succession and Wills, if:

(i) no beneficiary is designated or if all designated beneficiaries have predeceased the member;

(ii) the location of the beneficiary or secondary beneficiaries cannot be ascertained by the office within 12 months of the date [~~beneficiaries are provided with the forms~~] a reasonable attempt is made by the office to locate the beneficiaries; or

(iii) the beneficiary has not completed the forms necessary to pay the benefits within six months of the date that beneficiary forms are sent to the beneficiary's last-known address.

(b) (i) A payment may not be made to a person included in any of the groups referred to in Subsection (4)(a) if at the date of payment there is a living person in any of the groups preceding it.

(ii) Payment to a person in any group based upon receipt from the person of an affidavit in a form satisfactory to the office that:

(A) there are no living individuals in the group preceding it;

(B) the probate of the estate of the deceased has not been commenced; and

(C) more than three months have elapsed since the date of death of the decedent.

(5) Benefits paid under this section shall be:

(a) a full satisfaction and discharge of all claims for benefits under this title; and

(b) payable by reason of the death of the decedent.

Section 5. Section **49-11-612** is amended to read:

49-11-612. Nonassignability of benefits or payments -- Exemption from legal process.

(1) Except as provided in Subsections (2), (3), and (4), the right of any member, retiree, participant, or beneficiary to any retirement benefit, retirement payment, or any other retirement right accrued or accruing under this title and the assets of the funds created by this title are not subject to alienation or assignment by the member, retiree, participant, or their beneficiaries and

are not subject to attachment, execution, garnishment, or any other legal or equitable process.

(2) The office may, upon the request of the retiree, deduct from the retiree's allowance insurance premiums or other dues payable on behalf of the retiree, but only to those entities that have received the deductions prior to February 1, 2002.

(3) (a) The office shall provide for the division of an allowance, defined contribution account, continuing monthly death benefit, or refund of member contributions upon termination to former spouses and family members under an order of a court of competent jurisdiction with respect to domestic relations matters on file with the office.

(b) The court order shall specify the manner in which the allowance, defined contribution account, continuing monthly death benefit, or refund of member contributions shall be partitioned, whether as a fixed amount or as a percentage of the benefit.

(c) Allowances, continuing monthly death benefits, and refunds of member contributions split under a domestic relations order are subject to the following:

(i) the amount to be paid or the period for which payments shall be made under the original domestic relations order may not be altered if the alteration affects the actuarial calculation of the allowance;

(ii) payments to an alternate payee shall begin at the time the member or beneficiary begins receiving payments; and

(iii) the alternate payee shall receive payments in the same form as [payments] allowances received by the member or beneficiary.

(4) In accordance with federal law, the board may deduct the required amount from any benefit, payment, or other right accrued or accruing to any member of a system, plan, or program under this title to offset any amount that member owes to a system, plan, or program administered by the board.

(5) The board shall make rules to implement this section.

Section 6. Section **49-12-404** is amended to read:

49-12-404. Lump-sum death benefit for retiree and spouse.

(1) (a) Upon retirement, a retiree may elect to have the office deduct an actuarially

determined amount from the retiree's allowance to provide a lump-sum benefit payable to a beneficiary upon the death of the retiree.

(b) ~~[A]~~ Upon retirement, a retiree may also elect to have an actuarially determined amount deducted from the retiree's allowance to provide a lump-sum death benefit payable to a beneficiary upon the death of the retiree's lawful spouse at the time of retirement.

(c) The board may make rules for the administration of this lump-sum death benefit.

(2) (a) For ~~[retirees]~~ a retiree who ~~[pay]~~ pays for a lump-sum death benefit under this section through a reduction of an allowance, benefits shall be paid in accordance with Sections 49-11-609 and 49-11-610.

(b) If the retiree chooses Option Three, Four, Five, or Six, and a lump-sum death benefit is payable after the death of the retiree ~~[or the lawful spouse]~~, the allowance shall be restored to its original amount.

(3) (a) A retiree whose retirement date is on or after July 1, 1995, may elect to cancel the lump-sum death benefit under this section.

(b) The cancellation under this Subsection (3) is irrevocable.

(c) Upon cancellation, the allowance shall be restored to its original amount and benefits under this section may not be paid.

Section 7. Section **49-13-205** is amended to read:

49-13-205. Conversion to system -- Time schedule -- Conversion windows.

(1) An employee governed under Section 49-13-201 shall make the election to participate in this system within six months of July 1, 1986.

(2) (a) (i) An employer governed under Sections 49-13-201 and 49-13-202 shall make the election to participate in this system within six months of July 1, 1986.

(ii) The employer shall indicate whether or not it elects to participate by enacting a resolution or ordinance to that effect.

(iii) Prior to the enactment of the resolution or ordinance, a hearing shall be held by the employer, at which all employees of the political subdivision shall be given an opportunity to be heard on the question of participating in this system.

(iv) Notice of the hearing shall be mailed to all employees within 30 days of the hearing and shall contain the time, place, and purpose of the hearing.

(b) A regular full-time employee has six months from the date the employer elects to participate in this system in which to make the election to participate in this system and become eligible for service credit in this system.

(3) Subsections (1) and (2) shall be used to provide a second time period of conversion to this system beginning July 1, 1990.

(4) Subsections (1) and (2) shall be used to provide a third time period of conversion to this system beginning July 1, 1995.

(5) A member of the Contributory Retirement System who is employed by one agency and who either transfers to or is reemployed by another agency shall transfer to the Noncontributory Retirement System as of the date of employment, if the participating employer has elected to participate in the Noncontributory Retirement System.

Section 8. Section **49-13-404** is amended to read:

49-13-404. Lump-sum death benefit for retiree and spouse.

(1) (a) Upon retirement, a retiree may elect to have the office deduct an actuarially determined amount from the retiree's allowance to provide a lump-sum benefit payable to a beneficiary upon the death of the retiree.

(b) [~~A~~] Upon retirement, a retiree may also elect to have an actuarially determined amount deducted from the retiree's allowance to provide a lump-sum death benefit payable to a beneficiary upon the death of the retiree's lawful spouse at the time of retirement.

(c) The board shall make rules for the administration of this lump-sum death benefit.

(2) (a) For [~~retirees~~] a retiree who [~~pay~~] pays for a lump-sum death benefit under this section through a reduction of an allowance, benefits shall be paid in accordance with Sections 49-11-609 and 49-11-610.

(b) If the retiree chooses Option Three, Four, Five, or Six, and a lump-sum death benefit is payable after the death of the retiree [~~or the lawful spouse~~], the allowance shall be restored to its original amount.

(3) (a) A retiree whose retirement date is on or after July 1, 1995, may elect to cancel the lump-sum death benefit under this section.

(b) The cancellation under this Subsection (3) is irrevocable.

(c) Upon cancellation, the allowance shall be restored to its original amount and benefits under this section may not be paid.

Section 9. Section **49-14-301** is amended to read:

49-14-301. Contributions -- Two divisions -- Election by employer to pay employee contributions -- Accounting for and vesting of member contributions -- Deductions.

(1) Participating employers and members shall jointly pay the certified contribution rates to the office to maintain this system on a financially and actuarially sound basis.

(2) For purposes of determining contribution rates, this system is divided into two divisions according to Social Security coverage as follows:

(a) members of this system with on-the-job Social Security coverage are in Division A;
and

(b) members of this system without on-the-job Social Security coverage are in Division B.

(3) (a) A participating employer may elect to pay all or part of the required member contributions, in addition to the required participating employer contributions.

(b) Any amount contributed by a participating employer under this section shall vest to the member's benefit as though the member had made the contribution.

(c) The required member contributions shall be reduced by the amount that is paid by the participating employer.

(4) (a) All member contributions are credited by the office to the account of the individual member.

(b) This amount, plus refund interest, is held in trust for the payment of benefits to the member or the member's beneficiaries.

(c) All member contributions are vested and nonforfeitable.

(5) (a) Each member is considered to consent to payroll deductions of member contributions.

(b) The payment of compensation less these payroll deductions is considered full payment for services rendered by the member.

(6) Contribution rates for a participating employer may be different than for other participating employers based on the participating employer's current funding status and actuarial experience.

Section 10. Section **49-15-301** is amended to read:

49-15-301. Contributions -- Two divisions.

(1) Participating employers shall pay the certified contribution rates to the office to maintain this system on a financially and actuarially sound basis.

(2) For purposes of determining contribution rates, this system is divided into two divisions according to Social Security coverage.

(a) Members of this system with on-the-job Social Security coverage are Division A.

(b) Members of this system without on-the-job Social Security coverage are in Division B.

(3) Contribution rates for a participating employer may be different than for other participating employers based on the participating employer's current funding status and actuarial experience.

Section 11. Section **49-16-201** is amended to read:

49-16-201. System membership -- Eligibility.

(1) A firefighter service employee who performs firefighter service for an employer participating in this system is eligible for service credit in this system upon the earliest of:

(a) July 1, 1971, if the firefighter service employee was employed by the participating employer on July 1, 1971, and the participating employer was participating in this system on that date;

(b) the date the participating employer begins participating in this system if the firefighter service employee was employed by the participating employer on that date; or

(c) the date the firefighter service employee is hired to perform firefighter services for a participating employer.

(2) (a) (i) A participating employer that has public safety service and firefighter service

employees that require cross-training and duty shall enroll the dual purpose employees in the system in which the greatest amount of time is actually worked.

(ii) The employees shall either be full-time public safety service or full-time firefighter service employees of the participating employer.

(b) (i) Prior to transferring a dual purpose employee from one system to another, the participating employer shall receive written permission from the office.

(ii) The office may request documentation to verify the appropriateness of the transfer.

(3) (a) A person hired by a regularly constituted fire department on or after July 1, 1971, who does not perform firefighter service is not eligible for service credit in this system.

(b) The nonfirefighter service employee shall become a member of the system for which the nonfirefighter service employee qualifies for service credit.

(c) The service credit exclusion under this Subsection (3) may not be interpreted to prohibit the assignment of a disabled or partially disabled firefighter to a nonfirefighter service position.

(d) If Subsection (3)(c) applies, the firefighter service employee remains eligible for service credit in this system.

(4) An allowance or other benefit may not be granted under this system that is based upon the same service for benefits received under some other system.

(5) Service as a volunteer firefighter is not eligible for service credit in this system.

(6) An employer that maintains a regularly constituted fire department is eligible to participate in this system.

Section 12. Section **49-19-401** is amended to read:

49-19-401. Eligibility for an allowance -- Governor -- Legislator.

(1) A governor is qualified to receive an allowance when:

(a) the governor has submitted to the office a notarized retirement application form that states the proposed retirement date; and

(b) one of the following conditions is met as of the retirement date:

(i) the governor has completed at least one full term in office and has attained an age of

65 years; or

(ii) the governor has served as governor of the state for at least ten years and has attained an age of 62 years.

(2) A legislator is qualified to receive an allowance when:

(a) the legislator has submitted to the office a notarized retirement application form that states the proposed retirement date; and

(b) one of the following conditions is met as of the retirement date:

(i) the legislator has completed at least four years in the Legislature and has attained an age of 65 years; or

(ii) the legislator has completed at least ten years in the Legislature and has attained an age of 62 years.

(3) (a) The retirement date shall be the 1st or the 16th day of the month as selected by the member.

(b) The retirement date may not be more than 90 days before or after the date the application is received by the office.

(4) A member who withdraws member contributions shall forfeit all allowances based on those contributions.

(5) If a retired legislator is elected to another term in the Legislature or continues to serve in the Legislature [~~after reaching age 65~~], the legislative allowance ceases at the beginning of each session under rules established by the board, but is restored at the same amount at the end of the session.

(6) A member receiving an allowance while serving as a legislator is eligible for additional service credits and allowance adjustments at the end of each term of office if the legislator continues as a contributing member during the member's service as a legislator.

Section 13. Section **49-19-402** is amended to read:

49-19-402. Calculation of allowance -- Reduction for early retirement.

(1) (a) The base retirement amount for a governor under this plan is \$500 per term, adjusted as provided in Section 49-19-404 since 1973.

(b) A governor's allowance shall be calculated by multiplying the base retirement amount at the [~~end of the governor's service~~] retirement date by the number of terms the governor served, including fractions of terms.

(2) (a) The base retirement amount for a legislator under this plan is \$10 per year of service in the Legislature, adjusted as provided in Section 49-19-404, since 1967.

(b) A legislator's allowance shall be calculated by multiplying the base retirement amount at the [~~end of the legislator's service~~] retirement date by the number of years the legislator served, including fractions of years.

(3) If a governor or legislator retires prior to age 65, the allowance shall be reduced by 3% for each year of retirement between age 62 and age 65.

Section 14. Section **49-20-201** is amended to read:

49-20-201. Program participation -- Eligibility -- Optional for certain groups.

(1) (a) The state shall participate in the program on behalf of its employees.

(b) Other employers, including political subdivisions and educational institutions, are eligible, but are not required, to participate in the program on behalf of their employees.

(2) (a) The Department of Health may participate in the program for the purpose of providing health and dental benefits to children enrolled in the Utah Children's Health Insurance Program created in Title 26, Chapter 40, Utah Children's Health Insurance Act, if the provisions in Subsection 26-40-110(4) occur.

(b) If the Department of Health participates in the program under the provisions of this Subsection (2), all insurance risk associated with the Children's Health Insurance Program shall be the responsibility of the Department of Health and not the program or the office.

(3) A covered individual covered under a medical employee benefit plan shall be eligible for coverage after termination of employment under rules adopted by the board.

(4) [~~Only retirees, members, participants, and their current spouses~~] Only the following are eligible for Medicare supplement coverage under this chapter upon becoming eligible for Medicare Part A and Part B coverage[-:]:

(a) retirees;

(b) members;

(c) participants;

(d) employees who have medical employee benefit plan coverage at the time of their retirement; and

(e) current spouses of those who are eligible under Subsections (4)(a) through (d).

Section 15. Section **49-20-401** is amended to read:

49-20-401. Program -- Powers and duties.

(1) The program shall:

(a) act as a self-insurer of employee benefit plans and administer those plans;

(b) enter into contracts with private insurers or carriers to underwrite employee benefit plans as considered appropriate by the program;

(c) indemnify employee benefit plans or purchase commercial reinsurance as considered appropriate by the program;

(d) provide descriptions of all employee benefit plans under this chapter in cooperation with covered employers;

(e) process claims for all employee benefit plans under this chapter or enter into contracts, after competitive bids are taken, with other benefit administrators to provide for the administration of the claims process;

(f) obtain an annual actuarial review of all health and dental benefit plans and a periodic review of all other employee benefit plans;

(g) consult with the covered employers to evaluate employee benefit plans and develop recommendations for benefit changes;

(h) annually submit a budget and audited financial statements to the governor and Legislature which includes total projected benefit costs and administrative costs;

(i) maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of the employee benefit plans as certified by the program's consulting actuary;

(j) submit its recommended benefit adjustments for state employees to the director of the state Department of Human Resource Management;

(k) determine benefits and rates, upon approval of the board, for multiemployer risk pools, retiree coverage, and conversion coverage;

(l) determine benefits and rates, upon approval of the board and the Legislature, for state employees;

(m) administer benefits and rates, upon ratification of the board, for single employer risk pools;

(n) request proposals for provider networks or health and dental benefit plans administered by third party carriers at least once every three years for the purposes of:

(i) stimulating competition for the benefit of covered individuals;

(ii) establishing better geographical distribution of medical care services; and

(iii) providing coverage for both active and retired covered individuals;

(o) offer proposals which meet the criteria specified in a request for proposals and accepted by the program to active and retired state covered individuals and which may be offered to active and retired covered individuals of other covered employers at the option of the covered employer;

(p) perform the same functions established in Subsections (1)(a), (b), (e), and (h) for the Department of Health if the program provides program benefits to children enrolled in the Utah Children's Health Insurance Program created in Title 26, Chapter 40, Utah Children's Health Insurance Act;

(q) establish rules and procedures governing the admission of political subdivisions or educational institutions and their employees to the program;

(r) contract directly with medical providers to provide services for covered individuals; and

(s) take additional actions necessary or appropriate to carry out the purposes of this chapter.

(2) (a) Funds budgeted and expended shall accrue from rates paid by the covered employers and covered individuals.

(b) Administrative costs shall be approved by the board and reported to the governor and

the Legislature.

(3) The Department of Human Resource Management shall include the benefit adjustments described in Subsection (1)(j) in the total compensation plan recommended to the governor required under Subsection 67-19-12(6)(a).

Section 16. Effective date.

This bill takes effect on July 1, 2004.