

Senator Beverly Ann Evans proposes the following substitute bill:

**INSURANCE AND RETIREMENT FOR
CHARTER SCHOOL EMPLOYEES**

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Merlynn T. Newbold

LONG TITLE

General Description:

This bill modifies the State System of Public Education Code and the Utah State Retirement and Insurance Benefit Act to amend employee benefit provisions for charter schools.

Highlighted Provisions:

This bill:

- ▶ provides for charter school participation and nonparticipation in the state retirement systems;
- ▶ allows a charter school discretion to select and offer employee benefit plans; 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:

49-12-202, as renumbered and amended by Chapter 250, Laws of Utah 2002

49-13-202, as last amended by Chapter 240, Laws of Utah 2003



26 **53A-17a-125**, as last amended by Chapter 320, Laws of Utah 2003



27
28 *Be it enacted by the Legislature of the state of Utah:*

29 Section 1. Section **49-12-202** is amended to read:

30 **49-12-202. Participation of employers -- Limitations -- Exclusions -- Admission**
31 **requirements -- Exceptions -- Nondiscrimination requirements.**

32 (1) (a) Unless excluded under Subsection (2) or (3), an employer is a participating
33 employer and may not withdraw from participation in this system.

34 (b) In addition to their participation in this system, participating employers may
35 provide or participate in public or private retirement, supplemental or defined contribution
36 plan, either directly or indirectly, for their employees.

37 (2) An employer not initially admitted or included as a participating employer in this
38 system prior to January 1, 1982, may be excluded from participation in this system if:

39 (a) the employer elects not to provide or participate in any type of private or public
40 retirement, supplemental or defined contribution plan, either directly or indirectly, for its
41 employees, except for social security; or

42 (b) the employer offers another collectively bargained retirement benefit and has
43 continued to do so on an uninterrupted basis since that date.

44 (3) A charter school that is not a participating employer as of July 1, 2004 may not
45 participate in this system.

46 ~~[(3)]~~ (4) An employer who did not become a participating employer in this system
47 prior to July 1, 1986, may not participate in this system.

48 ~~[(4)]~~ (5) If a participating employer purchases service credit on behalf of regular
49 full-time employees for service rendered prior to the participating employer's admission to this
50 system, the service credit shall be purchased in a nondiscriminatory manner on behalf of all
51 current and former regular full-time employees who were eligible for service credit at the time
52 service was rendered.

53 Section 2. Section **49-13-202** is amended to read:

54 **49-13-202. Participation of employers -- Limitations -- Exclusions -- Admission**
55 **requirements -- Nondiscrimination requirements.**

56 (1) (a) Unless excluded under Subsection (2) or (3), an employer is a participating

57 employer and may not withdraw from participation in this system.

58 (b) In addition to their participation in this system, participating employers may
59 provide or participate in any additional public or private retirement, supplemental or defined
60 contribution plan, either directly or indirectly, for their employees.

61 (2) An employer not initially admitted or included as a participating employer in this
62 system prior to January 1, 1982, may be excluded from participation in this system if:

63 (a) the employer elects not to provide or participate in any type of private or public
64 retirement, supplemental or defined contribution plan, either directly or indirectly, for its
65 employees, except for Social Security; or

66 (b) the employer offers another collectively bargained retirement benefit and has
67 continued to do so on an uninterrupted basis since that date.

68 (3) A charter school that is not a participating employer as of July 1, 2004 may not
69 participate in this system.

70 [~~3~~] (4) If an employer, except an employer that maintains a collectively bargained
71 plan under Subsection (2)(b), elects at any time to provide or participate in any type of public
72 or private retirement, supplemental or defined contribution plan, either directly or indirectly,
73 except for Social Security, the employer shall be a participating employer in this system.

74 [~~4~~] (5) (a) Any employer may by resolution of its governing body apply for admission
75 to this system.

76 (b) Upon approval of the board, the employer is a participating employer in this system
77 and is subject to this title.

78 [~~5~~] (6) If a participating employer purchases service credit on behalf of regular
79 full-time employees for service rendered prior to the participating employer's admission to this
80 system, the service credit shall be purchased in a nondiscriminatory manner on behalf of all
81 current and former regular full-time employees who were eligible for service credit at the time
82 service was rendered.

83 Section 3. Section **53A-17a-125** is amended to read:

84 **53A-17a-125. Appropriation for retirement and Social Security.**

85 (1) The employee's retirement contribution shall be 1% for employees who are under
86 the state's contributory retirement program.

87 (2) The employer's contribution under the state's contributory retirement program is

88 determined under Section 49-12-301, subject to the 1% contribution under Subsection (1).

89 (3) (a) The employer-employee contribution rate for employees who are under the
90 state's noncontributory retirement program is determined under Section 49-13-301.

91 (b) The same contribution rate used under Subsection (3)(a) shall be used to calculate
92 the appropriation for charter schools described under Subsection (5).

93 (4) (a) Money appropriated to the State Board of Education in Section 53A-17a-104 for
94 retirement and Social Security monies shall be allocated to school districts and charter schools
95 based on a district's or charter school's total weighted pupil units compared to the total
96 weighted pupil units for all districts in the state.

97 (b) The monies needed to support retirement and Social Security shall be determined
98 by taking the district's prior year allocation and adjusting it for:

99 (i) student growth;

100 (ii) the percentage increase in the value of the weighted pupil unit; and

101 (iii) the effect of any change in the rates for retirement, Social Security, or both.

102 (5) A charter school that is not a participating employer in the Utah State Retirement
103 Systems may use the funds described under this section for retirement to provide its own
104 compensation, benefit, and retirement programs.

105 Section 4. **Effective date.**

106 This bill takes effect on July 1, 2004.