

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative McGinnis**

A Bill ACT 17 OF 1991
HOUSE BILL 1214

For An Act To Be Entitled

8 "AN ACT TO AMEND TITLE 24, CHAPTER 7, SUBCHAPTER 4 OF THE
9 ARKANSAS CODE OF 1987, TO HAVE REQUIRED PRIOR YEAR
10 REPORTED COVERED SALARIES ADDED TO CURRENT FISCAL YEAR
11 COVERED SALARIES FOR STATE EMPLOYER CONTRIBUTIONS PURPOSES
12 IN THE ARKANSAS TEACHER RETIREMENT SYSTEM; AND FOR OTHER
13 PURPOSES."

14
15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

16
17 SECTION 1. Arkansas Code §24-7-401 is hereby amended to read as
18 follows:

19 "24-7-401. Effectuation of financial objective.

20 (a) (1) The financial objective of this act is to establish contribution
21 rates which, expressed as percentages of active member payroll, will remain
22 approximately level from generation to generation of Arkansas citizens.

23 (2) The contribution rates shall be sufficient to provide that
24 employer contributions each year, together with member contributions, shall be
25 sufficient both to fully cover the costs of benefit commitments being made to
26 members for their service being rendered in each year and to make a level
27 payment which, if paid annually over a reasonable period of future years, will
28 fully cover the unfunded costs of benefit commitments for service previously
29 rendered.

30 (b) An actuarial valuation of the entire system shall be made at least
31 annually by the board's actuary.

32 (c) (1) (A) The financial objective of this act shall be maintained for
33 each fiscal year and the state employer contribution rate shall be expressed
34 as a percent of active member payroll for each fiscal year.

35 (B) The state employer contribution rate shall be
36 established for a two-year period, for fiscal years beginning July 1, 1989,

1 and later, by the General Assembly upon the advice of the Joint Interim
2 Committee on Retirement and Social Security Programs. In determining such
3 advice, the Joint Interim Committee on Retirement and Social Security Programs
4 shall use the following input:

5 (i) The recommendation of the board based upon
6 consultation with the board's actuary; and

7 (ii) Information furnished by an actuary retained by
8 the committee.

9 (C) The employer contribution rate shall be such that the
10 amortization period for all unfunded liability shall not exceed thirty (30)
11 years.

12 (2) For each fiscal year beginning July 1, 1991, or later, the
13 dollar amount of state employer contributions to be paid during the fiscal
14 year shall be the result of multiplying the applicable percent of active
15 member payroll for the fiscal year by the total covered salaries during the
16 fiscal year, including any required prior year reported salaries, of members
17 whose positions are financed by the State Public School Fund, taking the
18 result to the nearest dollar.

19 (3) The percent of active member payroll to be paid in each year
20 of the biennium shall be adjusted to reflect any benefit changes.

21 (d) (1) The board shall certify annually to the State Treasurer the
22 amounts calculated at the rate established by law for employer contributions
23 to be paid by the state, which contributions shall be paid from the State
24 Public School Fund or federal funds administered by the State Board of
25 Education.

26 (2) The State Treasurer is authorized and directed to pay the
27 system the state's employer contributions for each fiscal year, as follows:
28 Ten million dollars (\$10,000,000) on or before September 1 of the fiscal year
29 and, on or before the first day of each succeeding month, at least ten percent
30 (10%) of the remainder due, until there is no remainder due at the end of the
31 fiscal year.

32 (e) (1) The annual employer contributions to be paid in each year
33 beginning July 1, 1975, for all other employees by each other employer shall
34 be the most current state contribution percent multiplied by the total covered
35 salaries in the current fiscal year of the employer's members.

1 (2) For purposes of this subsection, 'state contribution percent'
2 means, for a fiscal year, including any required prior year reported salaries,
3 the result of dividing the dollars of the state's employer contributions for
4 the fiscal year by the total covered salaries for the fiscal year of members
5 employed by the public school districts, by the system, and by the Department
6 of Education, General Division, whose positions are financed by the State
7 Public School Fund, taking the result to the nearest one-tenth of one percent
8 (0.1%).

9 (3) The annual employer contributions to be paid in each year
10 beginning July 1, 1977, for all employees by each other employer shall be
11 computed in the manner prescribed in subsection (c) of this section.

12 (4) The employer's contributions shall be remitted to the system
13 in such manner and form and in such frequency and shall be accompanied by such
14 supporting data as the board shall prescribe from time to time.

15 (5) Timely payment of the contributions shall be a condition of
16 continuance of participation in the system."

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18 SECTION 2. All provisions of this act of a general and permanent nature
19 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
20 Revision Commission shall incorporate the same in the Code.

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22 SECTION 3. If any provision of this act or the application thereof to
23 any person or circumstance is held invalid, such invalidity shall not affect
24 other provisions or applications of the act which can be given effect without
25 the invalid provision or application, and to this end the provisions of this
26 act are declared to be severable.

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28 SECTION 4. All laws and parts of laws in conflict with this act are
29 hereby repealed.

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31 SECTION 5. EMERGENCY. It is hereby found and determined by the General
32 Assembly of the State of Arkansas that the amendments herein are essential to
33 the continued operation of the Teacher Retirement System. Therefore, an
34 emergency is hereby declared to exist and this act being necessary for the
35 immediate preservation of the public peace, health, and safety, shall be in

1 full force and effect from and after July 1, 1991.

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APPROVED: 2-1-91

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