

1 State of Arkansas *As Engrossed: H4/9/13 H4/12/13*

2 89th General Assembly

A Bill

3 Regular Session, 2013

HOUSE BILL 1199

4

5 By: Representative Kizzia

6 By: Senator E. Cheatham

7

8

For An Act To Be Entitled

9

AN ACT TO AMEND PROVISIONS OF THE ARKANSAS CODE

10

CONCERNING TEACHER *RETIREMENT SYSTEM EMPLOYER*

11

CONTRIBUTIONS; AND FOR OTHER PURPOSES.

12

13

14

Subtitle

15

TO AMEND PROVISIONS OF THE ARKANSAS CODE

16

CONCERNING TEACHER RETIREMENT SYSTEM

17

EMPLOYER CONTRIBUTIONS.

18

19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21

22 *SECTION 1. Arkansas Code § 24-7-401(c), concerning fund contributions,*
23 *is amended to add a new subdivision as follows:*

24 *(5)(A)(i) Beginning July 1, 2015, and for each fiscal year*
25 *thereafter, the employer contribution rate shall not exceed fifteen percent*
26 *(15%).*

27 *(ii) Until July 1, 2015, the employer contribution*
28 *rate shall not exceed fourteen percent (14%).*

29 *(B)(i) For the fiscal year beginning July 1, 2015, and*
30 *each fiscal year thereafter, the board may modify the employer contribution*
31 *rate for the next fiscal year above fourteen percent (14%) in increments of*
32 *one-fourth of a percent (0.25%) only if the annual report from the system's*
33 *actuary provided for the previous fiscal year establishes that the system has*
34 *a greater than thirty-year amortization period to pay unfunded liabilities*
35 *without an employer contribution rate of more than fourteen percent (14%)*
36 *limited to a maximum employer contribution rate of fifteen percent (15%).*



1 (ii) If a report provided by the system's actuary
2 shows that the system's amortization period to pay unfunded liabilities is
3 thirty (30) years or less with a fourteen percent (14%) employer contribution
4 rate then the employer contribution rate shall not exceed fourteen percent
5 (14%).

6 (iii)(a) An increase in the employer contribution
7 rate shall only occur if the system implements cost savings from member
8 benefit programs or increased member contributions, or both, measured after
9 July 1, 2013, that equal or exceed the value of the employer contribution
10 increase before or at the same time as an employer contribution increase.

11 (b) The cost savings from member benefit
12 programs or increased member contributions, or both, shall take place or be
13 approved before or at the same time as an employer contribution increase.

14 (c) The system may rely upon actuarial reports
15 by the system's actuary to determine the relative impact of changes to member
16 benefit programs or increased member contributions, or both, including
17 whether the cost savings from member benefit programs or increased member
18 contributions, or both, is equal to or exceeds the value of the proposed
19 employer contribution increase.

20 (d) The value of cost savings from a member
21 benefit program or member contribution increases shall be set at the time of
22 the initial actuarial report that establishes the estimated value and shall
23 remain as initially set unless the member benefit program or member
24 contribution rate has changes after the actuarial report sets value.

25 (iv) If a report provided by the system's actuary
26 shows that the system's amortization period to pay unfunded liabilities is
27 thirty (30) years or less with an employer contribution rate below the
28 existing employer contribution rate, then the employer contribution rate
29 shall be set at the higher of:

30 (a) Fourteen percent (14%); or

31 (b) The rate required to amortize the system's
32 unfunded liabilities over thirty (30) years.

33
34
35 /s/Kizzia

36 APPROVED: 04/22/2013