

Act 472 of the 1989 Regular Session.

Act 472

HB1519

By: Representative McGinnis

"AN ACT TO AMEND TITLE 24, CHAPTER 7, SUBCHAPTER 4 TO HAVE THE EMPLOYER CONTRIBUTION RATE SET BY THE LEGISLATURE FOR THE TEACHER RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.

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

SECTION 1. Arkansas Code 24-7-401 is hereby amended to read as follows:
" 24-7-401. Effectuation of financial objective.

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

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

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

(c) (1) The financial objective of this act shall be maintained for each fiscal year and the state employer contribution rate shall be expressed as a percent of active member payroll for each fiscal year. The state employer contribution rate shall be established for a two year period, for fiscal years beginning July 1, 1989, and later, by the General Assembly upon the advice of the Joint Interim Committee on Retirement and Social Security Programs. In determining such advice the Joint Interim Committee on Retirement and Social Security Programs shall use the following input: the recommendation of the board based upon consultation with the board's actuary and information furnished by an actuary retained by the committee.

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

(2) For each fiscal year beginning July 1, 1977, or later, the dollar amount of state employer contributions to be paid during the fiscal year shall be the result of multiplying the applicable percent of active member payroll for the fiscal year by the total covered salaries during the fiscal year of members whose positions are financed by the State Public School Fund, taking the result to the nearest dollar.

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

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

(2) The State Treasurer is authorized and directed to pay the system the state's employer contributions for each fiscal year, as follows: Ten million dollars (\$10,000,000) on or before September 1 of the fiscal year

and, on or before the first day of each succeeding month, at least ten percent (10%) of the remainder due, until there is no remainder due at the end of the fiscal year.

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

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

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

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

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

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

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 4. EMERGENCY. It is hereby found and determined by the General Assembly that the effectiveness of this Act is essential to the operation of the Teacher Retirement System; that in order for the 77th General Assembly to set the rate of employer contribution for the Teacher Retirement System for the next biennial period, it is necessary that this act become effective immediately upon its passage and approval. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and upon its passage and approval.

APPROVED: March 10, 1989
