

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

# A Bill

SENATE BILL 162

5 By: Senator E. Cheatham  
6

## For An Act To Be Entitled

8 AN ACT TO PROHIBIT THE BOARD OF TRUSTEES OF THE  
9 ARKANSAS TEACHER RETIREMENT SYSTEM FROM SETTING THE  
10 EMPLOYER CONTRIBUTION RATE ABOVE FOURTEEN PERCENT  
11 (14%) UNLESS ACTUARIALLY REQUIRED; TO REQUIRE THE  
12 CONTRIBUTION RATE TO RETURN TO NO MORE THAN FOURTEEN  
13 PERCENT (14%) WHEN ACTUARIALLY POSSIBLE; TO CAP THE  
14 MAXIMUM EMPLOYER CONTRIBUTION RATE AT FIFTEEN PERCENT  
15 (15%); TO DECLARE AN EMERGENCY; AND FOR OTHER  
16 PURPOSES.  
17

## Subtitle

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19 TO ADDRESS EMPLOYER CONTRIBUTIONS UNDER  
20 THE ARKANSAS TEACHER RETIREMENT SYSTEM  
21 AND TO DECLARE AN EMERGENCY.  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 SECTION 1. Arkansas Code § 24-7-401(c)-(e), concerning fund  
28 contributions, is amended to read as follows:

29 (c)(1) For each fiscal year, the Board of Trustees of the Arkansas  
30 Teacher Retirement System shall establish employer contribution rates for the  
31 system prospectively and for each fiscal year thereafter.

32 (2) The employer contribution rates shall be based on the  
33 actuary's determination of the rate required to fund the plan in accordance  
34 with the objectives stated in subsection (a) of this section.

35 (3) The employer contribution rates shall be the rates  
36 determined by the board based on the annual actuarial valuation.



1           (4) For the fiscal years ending June 30, 2008, ~~and June 30,~~  
2 ~~2009, and in each fiscal year thereafter, through June 30, 2013,~~ the employer  
3 contribution rate shall not exceed fourteen percent (14%).

4           (5)(A) Beginning July 1, 2013, and for each fiscal year  
5 thereafter, the employer contribution rate shall not exceed fifteen percent  
6 (15%).

7           (B)(i) For the fiscal year beginning July 1, 2013, and  
8 each fiscal year thereafter, the board may modify the employer contribution  
9 rate for the next fiscal year above fourteen percent (14%) only if the annual  
10 report from the system's actuary provided for the previous fiscal year  
11 establishes that the system has a greater than thirty-year amortization  
12 period to pay unfunded liabilities without an employer contribution rate of  
13 more than fourteen percent (14%).

14           (ii) If a report provided by the system's actuary  
15 shows that the system's amortization period to pay unfunded liabilities is  
16 thirty (30) years or less with a fourteen percent (14%) employer contribution  
17 rate, then the employer contribution rate shall not exceed fourteen percent  
18 (14%).

19           (d) The employer contribution rate shall be such that the amortization  
20 period for all unfunded liability shall not exceed thirty (30) years.  
21 However, under no circumstance shall the required employer contribution rate  
22 exceed the maximum percentage rate under ~~subdivision (e)(4)~~ subsection (c) of  
23 this section.

24           (e)(1) The board shall annually notify the participating employers of  
25 the employer contribution rate established by the board for the upcoming  
26 fiscal year.

27           (2) Local school districts shall pay the teacher retirement  
28 employment contribution for any eligible employee in accordance with rules  
29 established by the board.

30           (3) The Department of Education shall pay from the Public School  
31 Fund the teacher retirement employer contributions for eligible employees of  
32 participating employers as required by the department's biennial  
33 appropriations act and in accordance with rules established by the board.

34           (4) The annual employer contributions to be paid in each year  
35 for all other employees by each participating employer shall be the current  
36 state contribution percent multiplied by the total covered salaries of the

1 employer's members in the fiscal year.

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

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

7 (7)(A) All employers shall pay the total employer contribution  
8 rate except as provided under subdivision (7)(B) of this section.

9 (B) A public school employer shall pay the employer  
10 contribution rate up to fourteen percent (14%) and any additional employer  
11 contribution up to fifteen percent (15%) required by a public school employer  
12 shall be paid from funds appropriated to the Department of Education for the  
13 purpose of paying Arkansas Teacher Retirement System employer contributions.

14 (8) A increase or decrease in an employer contribution rate  
15 shall:

16 (A) Apply to a complete fiscal year; and

17 (B) Remain in effect until modified by the board.

18 (9) The board may adopt a change in the employer contribution  
19 rate by resolution at any board meeting.

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21 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
22 General Assembly of the State of Arkansas that provisions of the Arkansas  
23 Teacher Retirement System Act are in need of revision and updating to bring  
24 them into compliance with sound public pension policy; that revision and  
25 updating is of great importance to members of the Arkansas Teacher Retirement  
26 System and to citizens of the State of Arkansas; that the Arkansas Teacher  
27 Retirement System employer contribution rate may need to be adjusted to keep  
28 the system actuarially sound; and that this act is immediately necessary to  
29 maintain an orderly system of benefits for members of the Arkansas Teacher  
30 Retirement System. Therefore, an emergency is declared to exist, and this act  
31 being immediately necessary for the preservation of the public peace, health,  
32 and safety shall become effective on:

33 (1) The date of its approval by the Governor;

34 (2) If the bill is neither approved nor vetoed by the Governor,  
35 the expiration of the period of time during which the Governor may veto the  
36 bill; or

1                   (3) If the bill is vetoed by the Governor and the veto is  
2 overridden, the date the last house overrides the veto.

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