

1 State of Arkansas
2 89th General Assembly
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4

As Engrossed: S2/19/13

A Bill

SENATE BILL 214

5 By: Senator Maloch
6 By: Representative Carnine
7

For An Act To Be Entitled

9 AN ACT CONCERNING THE RETIREMENT OPTIONS FOR
10 EMPLOYEES OF STATE-SUPPORTED INSTITUTIONS OF HIGHER
11 EDUCATION; AND FOR OTHER PURPOSES.
12
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Subtitle

15 CONCERNING THE RETIREMENT OPTIONS FOR
16 EMPLOYEES OF STATE-SUPPORTED INSTITUTIONS
17 OF HIGHER EDUCATION.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code § 24-7-1001(a), concerning membership in the
23 Arkansas Public Employees' Retirement System for certain employees of state
24 colleges, is amended to read as follows:

25 (a) The Board of Trustees of the Arkansas Public Employees' Retirement
26 System is directed to include within the membership of the system, as created
27 by § 24-4-103, all employees of ~~the University of Arkansas at Monticello,~~
28 ~~Arkansas State University—Jonesboro,~~ Arkansas Tech University, ~~Arkansas~~
29 ~~State University—Beebe,~~ Southern Arkansas University, University of Central
30 Arkansas, and Henderson State University, ~~and the University of Arkansas—~~
31 ~~Pine Bluff~~ who are not otherwise covered by some other existing ~~state-~~
32 ~~supported retirement system~~ public employee retirement plan other than social
33 security.
34

35 SECTION 2. Arkansas Code § 24-7-1002(a), concerning membership in the
36 Arkansas Public Employees' Retirement System for certain employees of



1 colleges, universities, and community colleges, is amended to read as
2 follows:

3 (a) All persons, except those who are eligible for membership in the
4 Arkansas Teacher Retirement System as provided for under ~~the provisions of §§~~
5 § 24-7-201 et seq., and except those who are eligible for membership in an
6 alternate system as provided for under ~~the provisions of §§ 24-7-801 and 24-~~
7 ~~7-803 - 24-7-808~~, employed by ~~Arkansas State University, Arkansas State~~
8 ~~University—Beebe, the University of Central Arkansas, Henderson State~~
9 ~~University, Arkansas Tech University, Southern Arkansas University, Southern~~
10 ~~Arkansas University at El Dorado, SAU – Tech at Camden, or a state-supported~~
11 ~~community college~~ that is other than a campus, unit, or division of the
12 University of Arkansas System or the Arkansas State University System after
13 March 19, 1983, shall be members of the Arkansas Public Employees' Retirement
14 System unless, at the time of employment, they are already members of the
15 Arkansas Teacher Retirement System due to previous employment with an
16 employer covered by the Arkansas Teacher Retirement System.

17

18 SECTION 3. Arkansas Code §§ 24-7-1003 - 1007 are repealed.

19 ~~24-7-1003. Membership in Arkansas Public Employees' Retirement System~~
20 ~~for certain University of Arkansas employees.~~

21 ~~(a) All employees of the University of Arkansas system who are not~~
22 ~~members of any state-supported retirement system or retirement system~~
23 ~~recognized by the university system on September 1, 1985, shall become~~
24 ~~members of the Arkansas Public Employees' Retirement System.~~

25 ~~(b)(1) All persons employed by the University of Arkansas system after~~
26 ~~September 1, 1985, shall choose, at the time of employment, which state-~~
27 ~~supported retirement system or retirement system recognized by the university~~
28 ~~system they desire to be a member of.~~

29 ~~(2) Any employee who fails to make the election at the time of~~
30 ~~employment shall become a member of the Arkansas Public Employees' Retirement~~
31 ~~System.~~

32 ~~(c) All employees of the University of Arkansas system who were~~
33 ~~members of either the Arkansas Teacher Retirement System or the Arkansas~~
34 ~~Public Employees' Retirement System before July 4, 1983, shall continue to be~~
35 ~~members of the same system.~~

36

1 ~~24-7-1004.—Continuation of participation in respective systems by~~
2 ~~employees of former Arkansas Agricultural and Mechanical College and~~
3 ~~University of Arkansas at Monticello.~~

4 ~~(a)(1)—The employees of the Arkansas Agricultural and Mechanical~~
5 ~~College who were, on July 1, 1971, participants making regular contributions~~
6 ~~to the Arkansas Teacher Retirement System shall continue to participate~~
7 ~~therein.~~

8 ~~(2)—The University of Arkansas is authorized to expend from its~~
9 ~~funds to match their contributions to that system as provided by law, and~~
10 ~~this shall be the retirement plan for those persons, excluding only social~~
11 ~~security.~~

12 ~~(b)—Those employees of the Arkansas Agricultural and Mechanical~~
13 ~~College who were, on July 1, 1971, participating in the alternate retirement~~
14 ~~plan authorized by §§ 24-7-801 and 24-7-803—24-7-808 shall participate~~
15 ~~thereafter to the same extent, and in like manner, in the retirement plan in~~
16 ~~operation for University of Arkansas employees, and this shall be the~~
17 ~~retirement plan for those persons, excluding only social security.~~

18 ~~(c)(1)—Those employees of the Arkansas Agricultural and Mechanical~~
19 ~~College who were, on July 1, 1971, participating in the Arkansas Public~~
20 ~~Employees' Retirement System and currently making regular contributions~~
21 ~~thereto shall continue to participate therein.~~

22 ~~(2)—The University of Arkansas is authorized to expend from its~~
23 ~~funds to match their contributions to that system as provided by law, and~~
24 ~~this shall be the retirement plan for those persons, excluding only social~~
25 ~~security.~~

26 ~~(d)—All persons first employed by the University of Arkansas at~~
27 ~~Monticello on or after July 1, 1971, and any employees of the Arkansas~~
28 ~~Agricultural and Mechanical College who were not participating in either the~~
29 ~~Arkansas Teacher Retirement System, the Arkansas Public Employees' Retirement~~
30 ~~System, or the alternate retirement plan on July 1, 1971, and who become~~
31 ~~employees of the University of Arkansas, shall be eligible to participate in~~
32 ~~the retirement plan in operation for University of Arkansas employees on the~~
33 ~~same basis that University of Arkansas employees on other campuses may~~
34 ~~participate, and this shall be the retirement plan for those persons,~~
35 ~~excluding only social security.~~

36

1 ~~24-7-1005.—Option of employees of former Arkansas Agricultural and~~
2 ~~Mechanical College and former Arkansas Agricultural, Mechanical, and Normal~~
3 ~~College to participate in University of Arkansas retirement plan.~~

4 ~~(a)(1)—Any staff member of the former Arkansas Agricultural and~~
5 ~~Mechanical College, which is now the University of Arkansas at Monticello, or~~
6 ~~of the former Arkansas Agricultural, Mechanical, and Normal College, which is~~
7 ~~now the University of Arkansas at Pine Bluff, who elects to terminate his~~
8 ~~membership in the Arkansas Teacher Retirement System or the Arkansas Public~~
9 ~~Employees' Retirement System and to participate in the retirement plan in~~
10 ~~operation for University of Arkansas employees may do so on the same basis~~
11 ~~that University of Arkansas employees on its other campuses may participate.~~

12 ~~(2)—The election shall be in writing and filed with the chief~~
13 ~~fiscal officer of the University of Arkansas campus where the member is~~
14 ~~employed.~~

15 ~~(3)—The University of Arkansas shall forward to each of the~~
16 ~~former retirement plans described in this subsection the written applications~~
17 ~~of those employees on these campuses who elect to terminate their~~
18 ~~participation in the former retirement plan according to the provisions of~~
19 ~~this section.~~

20 ~~(b)(1)—All accumulated contributions to the credit of the staff member~~
21 ~~in the members' deposit account which is maintained pursuant to the~~
22 ~~provisions of Acts 1973, No. 427 or Acts 1957, No. 177 shall be returned to~~
23 ~~the staff member, and all of his credited service under the retirement system~~
24 ~~shall be cancelled.~~

25 ~~(2)(A)—Any staff member with five (5) or more years of actual~~
26 ~~service or upon reaching five (5) years of actual service who elects to~~
27 ~~participate in the plan in operation for the University of Arkansas and who~~
28 ~~leaves his contributions in the Arkansas Teacher Retirement System or the~~
29 ~~Arkansas Public Employees' Retirement System shall be eligible to receive an~~
30 ~~annuity upon reaching the age for normal age and service retirement benefits,~~
31 ~~as determined by the benefit formula of the Arkansas Teacher Retirement~~
32 ~~System or the Arkansas Public Employees' Retirement System, and on his~~
33 ~~retirement from covered employment.~~

34 ~~(B)—The amount of the annuity shall be determined by the~~
35 ~~benefit formula of the Arkansas Teacher Retirement System or the Arkansas~~
36 ~~Public Employees' Retirement System at the time of retirement.~~

1
2 ~~24-7-1006. Retirement system for employees of University of Arkansas~~
3 ~~agricultural experiment stations.~~

4 ~~(a) In order to provide for the retirement on annuity or otherwise of~~
5 ~~the employees of the cooperative work in agriculture and home economics and~~
6 ~~employees of the branch agricultural experiment stations of the University of~~
7 ~~Arkansas, who are on regular full-time appointment, the Board of Trustees of~~
8 ~~the University of Arkansas is authorized to use agricultural extension~~
9 ~~service funds and branch agricultural experiment station funds under its~~
10 ~~control as employer contributions to a retirement system to be established by~~
11 ~~the board.~~

12 ~~(b) The contribution of the employer to an annuity or other retirement~~
13 ~~income plan for any employee shall not exceed five percent (5%) of the~~
14 ~~employee's salary and shall be matched by an equal contribution from the~~
15 ~~employee.~~

16 ~~(c) The business manager of the University of Arkansas is designated~~
17 ~~as trustee and shall hold and disburse these funds according to the rules~~
18 ~~promulgated by the board.~~

19
20 ~~24-7-1007. Pine Bluff Employee retirement systems.~~

21 ~~All persons first employed by the University of Arkansas for the Pine~~
22 ~~Bluff campus at dates on and after July 1, 1972, and including any former~~
23 ~~employees of Arkansas Agricultural, Mechanical, and Normal College who were~~
24 ~~not participating in either the Arkansas Teacher Retirement System, the~~
25 ~~Arkansas Public Employees' Retirement System, or the alternate retirement~~
26 ~~plan on July 1, 1972, and who may become employees of the University of~~
27 ~~Arkansas shall be eligible to participate in the retirement plan in operation~~
28 ~~for the University of Arkansas employees on the same basis that University of~~
29 ~~Arkansas employees on its other campuses may participate, and this shall be~~
30 ~~the retirement plan for such persons, excluding only social security.~~

31
32 SECTION 4. Arkansas Code Title 24, Chapter 7, Subchapter 10, is
33 amended to add an additional section to read as follows:

34 24-7-1009. Retirement plan options for employees of the campuses,
35 units, and divisions of the University of Arkansas System.

36 (a)(1) An employee of a campus, unit, or division of the University of

1 Arkansas System, whose appointment is half-time or greater and the employment
2 is not seasonal, extra help, temporary, or incidental to his or her
3 education, may participate in a retirement plan sponsored by the University
4 of Arkansas System or the Arkansas Public Employees' Retirement System as
5 permitted by the policy adopted by the Board of Trustees of the University of
6 Arkansas.

7 (2) Once an employee makes an election as provided in
8 subdivision (a)(1) of this section, the election is irrevocable during the
9 employee's tenure of employment with the University of Arkansas System.

10 (b)(1) If an employee who is not eligible to participate under
11 subsection (a) of this section becomes eligible under policies adopted by the
12 Board of Trustees of the University of Arkansas to participate in a
13 retirement plan sponsored by the University of Arkansas System or the
14 Arkansas Public Employees' Retirement System, the employee shall participate
15 in a retirement plan sponsored by the University of Arkansas System or the
16 Arkansas Public Employees' Retirement System as permitted by policies adopted
17 by the Board of Trustees of the University of Arkansas beginning on the date
18 the employee becomes eligible.

19 (2) If an employee under subdivision (b)(1) of this section
20 elects to participate in the Arkansas Public Employees' Retirement System as
21 permitted by the Board of Trustees of the University of Arkansas policy, the
22 employee shall receive credit for service for the period of time in which the
23 employee was ineligible to participate if the employee buys service credit by
24 paying in one (1) lump sum:

25 (A) All the employee contributions at the rate and based
26 on the compensation that would have been paid to the employee during the
27 ineligible period of time;

28 (B) All the employer contributions based on the Arkansas
29 Public Employees' Retirement System employer normal cost from the most
30 recently completed Arkansas Public Employees' Retirement System regular
31 annual actuarial valuation and the compensation that would have been paid to
32 the employee during the ineligible period of time; and

33 (C) The regular interest on the employee and employer
34 contributions computed from the date of service that was rendered to the date
35 the payment is received by the Arkansas Public Employees' Retirement System.

36 (c)(1) The University of Arkansas System shall comply with the

1 Arkansas Public Employees' Retirement System rules for an employee of a
2 campus, unit, or division of the University of Arkansas System who is
3 eligible under policies adopted by the Board of Trustees of the University of
4 Arkansas and elects to participate in the Arkansas Public Employees'
5 Retirement System.

6 (2) Notwithstanding any other provision of this section, no
7 employee of a campus, unit, or division of the University of Arkansas System
8 may be permitted to enroll in the Arkansas Public Employees' Retirement
9 System who would not be eligible to enroll under Arkansas Public Employees'
10 Retirement System Rules.

11 (d) Beginning July 1, 2011, a new employee of the University of
12 Arkansas System shall not participate in the Arkansas Teacher Retirement
13 System.

14
15 *SECTION 5. Arkansas Code § 24-4-724(a)(1)(A), concerning members*
16 *joining after employer, is amended to read as follows:*

17 *(a)(1)(A) Any member of the Arkansas Public Employees' Retirement*
18 *System who became, or becomes, a member after the date that his employer*
19 *became, or becomes, a public employer in the system shall receive current*
20 *service for employment with a public employer in the system, ~~with the~~*
21 *~~University of Arkansas system,~~ or with a municipality in the State of*
22 *Arkansas if the employee was not eligible for coverage or does not*
23 *participate in or is not eligible to receive a benefit from a retirement plan*
24 *authorized by ~~the University of Arkansas or~~ a municipality in the State of*
25 *Arkansas and by the laws of the State of Arkansas during employment.*

26
27 *SECTION 6. EMERGENCY CLAUSE. It is found and determined by the*
28 *General Assembly of the State of Arkansas that statutes concerning the*
29 *Arkansas public retirement plans are in need of revision to maintain the*
30 *public retirement laws in conformance with sound public pension policy; that*
31 *the state operates on a July 1 to June 30 fiscal year; and that this act is*
32 *necessary to ensure provisions of this act are effective at the beginning of*
33 *the fiscal year for ease of administration and operation. Therefore, an*
34 *emergency is declared to exist, and this act being necessary for the*
35 *preservation of the public peace, health, and safety shall become effective*
36 *on July 1, 2013.*

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/s/Maloch