

JOINT COMMITTEE ON PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS

DECEMBER 6, 2017

MINUTES

The Joint Committee on Public Retirement and Social Security Programs met Wednesday, December 6, 2017 at 1:30 p.m. in Room B, MAC Building, Little Rock, Arkansas.

Committee members present were: Senators Bart Hester, Co-Chair, Linda Chesterfield, Joyce Elliott, Blake Johnson, and Bill Sample. Representatives Douglas House, Co-Chair, Bruce Coleman, Gary Deffenbaugh, Michael John Gray, Bob Johnson, Ron McNair, Clint Penzo, Johnny Rye, and Les Warren.

Other legislators present were: Representatives Carol Dalby, Jimmy Gazaway, Reginald Murdock, Marcus Richmond, Brandt Smith, Danny Watson, and Jeff Williams.

Call to Order

Representative House called the meeting to order.

Consideration of Motion for Approval of Minutes – October 16, 2017 [Exhibit C]

A motion to approve the minutes of the October 16, 2017 committee meeting was made by Representative Bob Johnson and seconded by Senator Joyce Elliott. The motion carried.

Review of Rule Changes Proposed by the Arkansas Teacher Retirement System (ATRS) [Exhibits D, D-1, D2, D3, D-4, D5, D6, D7]

Representative House asked if anyone had questions regarding the Arkansas Teacher Retirement System (ATRS) proposed rules sent to members several weeks ago. He stated the rules would be considered as reviewed without objection by the Committee absent any reservations by committee members. Representative House then recognized George Hopkins, Executive Director, Arkansas Teachers Retirement System (ATRS). One question asked was whether or not all of the proposed rules are the result of legislation passed in the legislative Session. Mr. Hopkins answered yes and then explained there is one exception addressed in a proposed rule restricting the filing of retirement applications. ATRS staff found that a significant number of people were filing their applications two to three years in advance. ATRS does not have a mechanism to track applications over a long period of time, which caused concerns that the applications might be lost. The ATRS Board addressed this concern through a substantive change to retirement application rules and deadlines (Rule 9-9) to limit the application filing period. Representative House stated that without objection that proposed Rules D through D7 are considered reviewed.

Mr. Hopkins offered to hold an informal review with legislators upon adjournment of the committee meeting regarding the rule changes proposed by ATRS. Legislators stated that the additional information will help them to communicate the changes when talking with their constituents.

Representative House told committee members that Jody Carreiro, Committee Actuary, Osborn, Carreiro and Associates will present Agenda item, Exhibit E at a future meeting.

Representative House gave an overview of information he has acquired by attending seminars, and also reading and studying materials pertaining to retirement systems throughout the U.S. He believes the Retirement Committee will be much more active in 2019 when reviewing all the public retirement systems in the state. He gave specifics on what he has learned:

- The total pension gross liability for all of the state's retirement systems is approximately \$71 billion to be paid out over thirty years
- The amount of liabilities does not include assets invested by the state's retirement systems
- An overview of state and local pension plans by The Pew Charitable Trusts is provided in the handout
- A number of studies can be found on the internet where the Wharton School of Business, Boston College, and the University of Michigan have performed reviews
- The studies give different perspectives

Representative House encouraged members to read and study materials that can be found on internet sites from the many professional organizations. He commended the state's retirement systems for their stable investment profiles and the work they perform managing the investments for each of their systems.

Representative House announced that a committee meeting is tentatively scheduled for January 17, 2018. He said the Arkansas Public Employees Retirement System (APERS) is developing a training session for legislators that will coincide with the tentative committee meeting date.

There being no further business, the meeting adjourned at 1:45 p.m.