

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

As Engrossed: S3/21/17

# A Bill

SENATE BILL 218

5 By: Senator J. Hutchinson  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE MODIFICATION  
9 OF AN EMPLOYER'S CONTRIBUTION RATE UNDER THE ARKANSAS  
10 TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;  
11 AND FOR OTHER PURPOSES.  
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### Subtitle

14 TO AMEND THE LAW CONCERNING THE  
15 MODIFICATION OF AN EMPLOYER'S  
16 CONTRIBUTION RATE UNDER THE ARKANSAS  
17 TEACHER RETIREMENT SYSTEM; AND TO DECLARE  
18 AN EMERGENCY.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 24-7-401(c)(5)(B), concerning an employer's  
25 fund contribution under the Arkansas Teacher Retirement System, is amended to  
26 read as follows:

27 *(B)(i) For the fiscal year beginning July 1, ~~2015~~ 2018,*  
28 *and each fiscal year thereafter, the board may modify the employer*  
29 *contribution rate for ~~the next~~ future fiscal year ~~years~~ above fourteen*  
30 *percent (14%) in increments of one-fourth of one percent (0.25%) per fiscal*  
31 *year only if the annual report from the system's actuary provided for the*  
32 *~~previous fiscal year~~ establishes provided that the system has a greater than*  
33 *~~thirty-year~~ eighteen-year amortization period to pay unfunded liabilities*  
34 *without an employer contribution rate of more than fourteen percent (14%)*  
35 *limited to a maximum employer contribution rate of fifteen percent (15%).*

36 *(ii) If a report provided by the system's actuary*



1 *shows that the system's amortization period to pay unfunded liabilities is*  
 2 ~~*thirty (30)*~~ *eighteen (18)* *years or less with a fourteen percent (14%)*  
 3 *employer contribution rate, then the employer contribution rate shall not*  
 4 *exceed fourteen percent (14%).*

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

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

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

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

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

29 ~~*(a) Fourteen percent (14%); or*~~

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

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 33 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
 34 General Assembly of the State of Arkansas that the operations of the Arkansas  
 35 Teacher Retirement System are complex; that the system must be able to meet  
 36 the needs of its members as anticipated by the General Assembly; that certain

1 provisions of the Arkansas Teacher Retirement System Act are imminently in  
2 need of revision and updating to bring them into conformance with sound  
3 public pension policy and actuarial requirements; that such revision and  
4 updating is of great importance to members of the system and to other  
5 citizens of the State of Arkansas; that the system needs to have the ability  
6 to make immediate changes to maintain and improve its actuarial status; that  
7 the system will need to act immediately in order to adequately implement any  
8 changes authorized by this act; and that this act is immediately necessary in  
9 order to maintain an orderly management of benefits for the members of the  
10 system.. Therefore, an emergency is declared to exist, and this act being  
11 immediately necessary for the preservation of the public peace, health, and  
12 safety shall become effective on:

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

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

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

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20 */s/J. Hutchinson*

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23 **APPROVED: 04/03/2017**  
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