

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS
WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE**

DEPARTMENT/AGENCY Arkansas Teacher Retirement System
DIVISION Administration
DIVISION DIRECTOR George Hopkins
CONTACT PERSON Laura Gilson, General Counsel
ADDRESS 1400 West Third Street, Little Rock, AR 72201
PHONE NO. 501-682-1266 FAX NO. 501-682-6326 E-MAIL laurag@artrs.gov
NAME OF PRESENTER AT COMMITTEE MEETING George Hopkins
PRESENTER E-MAIL georgeh@artrs.gov

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Donna K. Davis
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
Room 315, State Capitol
Little Rock, AR 72201

1. What is the short title of this rule? Contract Buyouts or other Court-Ordered Payments (Rule 8-20)

2. What is the subject of the proposed rule? How credits and benefits are calculated in a settlement

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes No
If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes No
If yes, what is the effective date of the emergency rule? _____

When does the emergency rule expire? _____

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes No

5. Is this a new rule? Yes No

If yes, please provide a brief summary explaining the regulation.

Does this repeal an existing rule? Yes No

If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes No

If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule?

If codified, please give Arkansas Code citation.

§24-7-305(b)(1)

7. What is the purpose of this proposed rule? Why is it necessary?

To bring into compliance and make consistent with Act 521 of 2013 and various minor changes for clarity.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

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9. Will a public hearing be held on this proposed rule? Yes No

If yes, please complete the following:

Date: _____

Time: _____

Place: _____

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

August 29, 2013

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

December 1, 2013

12. Do you expect this rule to be controversial? Yes No

If yes, please explain. _____

13. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

N/A

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Teacher Retirement System
DIVISION Administration
PERSON COMPLETING THIS STATEMENT Laura Gilson
TELEPHONE NO. 501-682-1266 **FAX NO.** 501-682-6326 **EMAIL:** laurag@artrs.gov

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Contract Buyouts or other Court-Ordered Payments (Rule 8-20)

1. Does this proposed, amended, or repealed rule have a financial impact? Yes No
2. Does this proposed, amended, or repealed rule affect small businesses? Yes No
If yes, please attach a copy of the economic impact statement required to be filed with the Arkansas Economic Development Commission under Arkansas Code § 25-15-301 et seq.

3. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
N/A

4. If the purpose of this rule is to implement a federal rule or regulation, please give the incremental cost for implementing the rule. Please indicate if the cost provided is the cost of the program.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
General Revenue _____	General Revenue _____
Federal Funds _____	Federal Funds _____
Cash Funds _____	Cash Funds _____
Special Revenue _____	Special Revenue _____
Other (Identify) _____	Other (Identify) _____
Total _____	Total _____

5. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule? Identify the party subject to the proposed rule and explain how they are affected.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ _____	\$ _____

6. What is the total estimated cost by fiscal year to the agency to implement this rule? Is this the cost of the program or grant? Please explain.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ _____	\$ _____

Summary of Proposed Rule Change

for
Arkansas Teacher Retirement System

Rule 8-20 Contract Buyouts/other Court ordered payments

This Rule change is needed to comply with Act 521 of 2013. Act 521 clarified the calculation of service credit and benefits paid to a member under a court order, contract buyout, or settlement agreement. (The Act will be codified in the definition of "salary" under § 24-7-202). The changes were made to insure the Rule language was consistent with the language under Act 521. A separate paragraph "II" was also added to require that a "certified" copy of the settlement or court order is provided to ATRS before ATRS makes an adjustment in the member's record.

RULE 8-20
**CONTRACT BUYOUTS OR OTHER COURT-
ORDERED PAYMENTS**

A.C.A. § 24-7-735

I. SERVICE CREDIT ACCRUAL

A. ~~Effectively immediately, in~~ For contract buyouts and settlements or court ordered payments to a member, service credit is only allowed to accrue for actual on-site work for the covered employer by the ~~employee member~~. However, if the member is not subject to either a contract buyout or court ordered payment, salary paid to the member as a regular employee, as if the member were providing services, shall be credited for salary and service purposes if the member is on call to the employer; however, such on call credit may not be stacked with salary at another ATRS employer.

B. In order to accrue service credit during a period of time that is redressed in a contract buyout or other court-ordered payment of salary, or salary and benefits, the member shall perform on-site work for the covered employer.

II. ADJUSTMENT OF BENEFIT

ATRS shall not adjust a benefit or benefit calculation for a member until the covered employer or benefit participant provides a certified copy of the court-order payment or settlement to ATRS, or if a contract buyout, a certified copy of the contract buyout.

Adopted: July 1, 2011 (Emergency)

Adopted: August 8, 2011

Effective: November 11, 2011

Approved by Board: July 26, 2013

Amended:

Effective:

RULE 8-20
**CONTRACT BUYOUTS OR OTHER COURT-
ORDERED PAYMENTS**

A.C.A. § 24-7-735

I. SERVICE CREDIT ACCRUAL

A. For contract buyouts and settlements or court ordered payments to a member, service credit is only allowed to accrue for actual on-site work for the covered employer by the member. However, if the member is not subject to either a contract buyout or court ordered payment, salary paid to the member as a regular employee, as if the member were providing services, shall be credited for salary and service purposes if the member is on call to the employer; however, such on call credit may not be stacked with salary at another ATRS employer.

B. In order to accrue service credit during a period of time that is redressed in a contract buyout or other court-ordered payment of salary, or salary and benefits, the member shall perform on-site work for the covered employer.

II. ADJUSTMENT OF BENEFIT

ATRS shall not adjust a benefit or benefit calculation for a member until the covered employer or benefit participant provides a certified copy of the court-order payment or settlement to ATRS, or if a contract buyout, a certified copy of the contract buyout.

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