

State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

SENATE BILL 218

By: Senator J. Hutchinson

For An Act To Be Entitled

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

Subtitle

TO AMEND THE LAW CONCERNING THE
MODIFICATION OF AN EMPLOYER'S
CONTRIBUTION RATE UNDER THE ARKANSAS
TEACHER RETIREMENT SYSTEM; AND TO DECLARE
AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 24-7-401(c)(5)(B), concerning an employer's
fund contribution under the Arkansas Teacher Retirement System, is amended to
read as follows:

(B)(i) For the fiscal year beginning July 1, ~~2015~~ 2018,
and each fiscal year thereafter, the board may modify the employer
contribution rate for the next fiscal year above fourteen percent (14%) ~~in~~
~~increments of~~ with any increase one-fourth of one percent (0.25%) only if the
~~annual report from the system's actuary provided for the previous fiscal year~~
~~establishes that the system has a greater than thirty-year amortization~~
~~period to pay unfunded liabilities without an employer contribution rate of~~
~~more than fourteen percent (14%)~~ limited to a maximum employer contribution
rate of fifteen percent (15%) per fiscal year to maintain actuarial soundness
based upon current and expected future actuarial assumptions, mortality



1 tables, and accounting rules.

2 (ii) ~~If a report provided by the system's actuary~~
 3 ~~shows that the system's amortization period to pay unfunded liabilities is~~
 4 ~~thirty (30) years or less with a fourteen percent (14%) employer contribution~~
 5 ~~rate, then the employer contribution rate shall not exceed fourteen percent~~
 6 ~~(14%).~~

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

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

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

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

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

31 ~~(a) Fourteen percent (14%); or~~

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

34
 35 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
 36 General Assembly of the State of Arkansas that the operations of the Arkansas

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

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

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

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