

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1188

5 By: Representative A. Collins
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING THE
10 FINAL AVERAGE SALARY UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES.
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Subtitle

15 TO AMEND AND UPDATE THE LAW CONCERNING
16 THE FINAL AVERAGE SALARY UNDER THE
17 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
18 TO DECLARE 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 § 24-7-736(c)(2)(A), concerning the method
25 through which full and partial service years are used to calculate a member's
26 final average salary under the Arkansas Teacher Retirement System, is amended
27 to read as follows:

28 (2)(A) Full and partial service years that are recorded as
29 service credit shall be used in the calculation of the final average salary
30 in accordance with rules promulgated by the board.
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32 SECTION 2. Arkansas Code § 24-7-736(c)(4)(D), concerning the
33 calculation of a member's final average salary under the Arkansas Teacher
34 Retirement System, is amended to read as follows:

35 (D)(i) The next-highest service year salary in the
36 calculation of final average salary that is less than eight (8) years from



1 the base salary year shall not exceed the base salary value plus the ~~salary~~
2 ~~differential~~ anti-spiking amount unless the next-highest year's value is less
3 than or equal to the ~~percentage increase~~ anti-spiking percentage of the base
4 salary.

5 (ii) Subdivision (c)(4)(D)(i) of this section shall
6 not apply to a partial service year or a fiscal year immediately following a
7 partial service year.

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9 SECTION 3. Arkansas Code § 24-7-736(e), concerning the ability of the
10 Board of Trustees of the Arkansas Teacher Retirement System to adjust a
11 member's calculated final average salary by board resolution when certain
12 criteria are met, is amended to read as follows:

13 (e) The board may adjust the final average salary calculated in
14 accordance with subsection (c) of this section by board resolution provided
15 that:

16 (1) The ~~percentage increase~~ anti-spiking percentage under
17 subdivision (c)(4)(D) of this section is set no lower than one hundred five
18 percent (105%) per year and no higher than one hundred twenty percent (120%)
19 per year; and

20 (2) The ~~salary differential~~ anti-spiking amount permitted under
21 subdivision (c)(4)(D) of this section is set no lower than one thousand two
22 hundred fifty dollars (\$1,250) per year and no higher than five thousand
23 dollars (\$5,000) per year.

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25 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
26 General Assembly of the State of Arkansas that the operations of a state
27 public retirement system are complex; that the Arkansas Teacher Retirement
28 System must be able to meet the needs of its members as anticipated by the
29 General Assembly; that certain provisions of the Arkansas Teacher Retirement
30 System Act need revision and updating to bring them into conformance with
31 sound public pension policy and actuarial requirements; that the revisions
32 and updates are of great importance to members of the Arkansas Teacher
33 Retirement System and to other citizens of the State of Arkansas; that as the
34 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
35 June 30, a July 1, 2023, effective date is necessary in order to allow the
36 provisions within this act to begin on the first day of the fiscal year and

1 to allow for a structured and proper administration of the procedures
2 referenced in this act; that the updates and revisions to the Arkansas
3 Teacher Retirement System Act are of great importance for actuarial purposes
4 and for the improvement and protection of member benefits under the Arkansas
5 Teacher Retirement System; and that this act is necessary in order to
6 maintain an orderly system of benefits for the members of the Arkansas
7 Teacher Retirement System. Therefore, an emergency is declared to exist, and
8 this act being necessary for the preservation of the public peace, health,
9 and safety shall become effective on July 1, 2023.

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