

Stricken language would be deleted from and underlined language would be added to present law.
Act 1446 of the Regular Session

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: H4/9/13 H4/12/13
A Bill

HOUSE BILL 1199

By: Representative Kizzia
By: Senator E. Cheatham

For An Act To Be Entitled

AN ACT TO AMEND PROVISIONS OF THE ARKANSAS CODE
CONCERNING TEACHER *RETIREMENT SYSTEM EMPLOYER*
CONTRIBUTIONS; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND PROVISIONS OF THE ARKANSAS CODE
CONCERNING TEACHER RETIREMENT SYSTEM
EMPLOYER CONTRIBUTIONS.

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

SECTION 1. Arkansas Code § 24-7-401(c), concerning fund contributions, is amended to add a new subdivision as follows:

(5)(A)(i) Beginning July 1, 2015, and for each fiscal year thereafter, the employer contribution rate shall not exceed fifteen percent (15%).

(ii) Until July 1, 2015, the employer contribution rate shall not exceed fourteen percent (14%).

(B)(i) For the fiscal year beginning July 1, 2015, 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 one-fourth of a 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%).



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

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

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

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

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

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

(a) Fourteen percent (14%); or

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

/s/Kizzia

APPROVED: 04/22/2013