

State of Arkansas  
89th General Assembly  
Regular Session, 2013

# A Bill

SENATE BILL 162

By: Senator E. Cheatham

## For An Act To Be Entitled

AN ACT TO PROHIBIT THE BOARD OF TRUSTEES OF THE ARKANSAS TEACHER RETIREMENT SYSTEM FROM SETTING THE EMPLOYER CONTRIBUTION RATE ABOVE FOURTEEN PERCENT (14%) UNLESS ACTUARIALLY REQUIRED; TO REQUIRE THE CONTRIBUTION RATE TO RETURN TO NO MORE THAN FOURTEEN PERCENT (14%) WHEN ACTUARIALLY POSSIBLE; TO CAP THE MAXIMUM EMPLOYER CONTRIBUTION RATE AT FIFTEEN PERCENT (15%); TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

TO ADDRESS EMPLOYER CONTRIBUTIONS 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)-(e), concerning fund contributions, is amended to read as follows:

(c)(1) For each fiscal year, the Board of Trustees of the Arkansas Teacher Retirement System shall establish employer contribution rates for the system prospectively and for each fiscal year thereafter.

(2) The employer contribution rates shall be based on the actuary's determination of the rate required to fund the plan in accordance with the objectives stated in subsection (a) of this section.

(3) The employer contribution rates shall be the rates determined by the board based on the annual actuarial valuation.



(4) For the fiscal years ending June 30, 2008, ~~and June 30, 2009, and in each fiscal year thereafter,~~ through June 30, 2013, the employer contribution rate shall not exceed fourteen percent (14%).

(5)(A) Beginning July 1, 2013, and for each fiscal year thereafter, the employer contribution rate shall not exceed fifteen percent (15%).

(B)(i) For the fiscal year beginning July 1, 2013, and each fiscal year thereafter, the board may modify the employer contribution rate for the next fiscal year above fourteen percent (14%) 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%).

(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%).

(d) The employer contribution rate shall be such that the amortization period for all unfunded liability shall not exceed thirty (30) years. However, under no circumstance shall the required employer contribution rate exceed the maximum percentage rate under ~~subdivision (e)(4)~~ subsection (c) of this section.

(e)(1) The board shall annually notify the participating employers of the employer contribution rate established by the board for the upcoming fiscal year.

(2) Local school districts shall pay the teacher retirement employment contribution for any eligible employee in accordance with rules established by the board.

(3) The Department of Education shall pay from the Public School Fund the teacher retirement employer contributions for eligible employees of participating employers as required by the department's biennial appropriations act and in accordance with rules established by the board.

(4) The annual employer contributions to be paid in each year for all other employees by each participating employer shall be the current state contribution percent multiplied by the total covered salaries of the

employer's members in the fiscal year.

(5) The employers' contributions shall be remitted to the system in such manner and form and in such frequency and shall be accompanied by such supporting data as the board shall prescribe from time to time.

(6) Timely payment of the contributions shall be a condition of continuance of participation in the system.

(7)(A) All employers shall pay the total employer contribution rate except as provided under subdivision (7)(B) of this section.

(B) A public school employer shall pay the employer contribution rate up to fourteen percent (14%) and any additional employer contribution up to fifteen percent (15%) required by a public school employer shall be paid from funds appropriated to the Department of Education for the purpose of paying Arkansas Teacher Retirement System employer contributions.

(8) A increase or decrease in an employer contribution rate shall:

(A) Apply to a complete fiscal year; and

(B) Remain in effect until modified by the board.

(9) The board may adopt a change in the employer contribution rate by resolution at any board meeting.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that provisions of the Arkansas Teacher Retirement System Act are in need of revision and updating to bring them into compliance with sound public pension policy; that revision and updating is of great importance to members of the Arkansas Teacher Retirement System and to citizens of the State of Arkansas; that the Arkansas Teacher Retirement System employer contribution rate may need to be adjusted to keep the system actuarially sound; and that this act is immediately necessary to maintain an orderly system of benefits for members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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