

**EXECUTIVE DIRECTOR UPDATE**  
**Week 7 of the 91<sup>st</sup> General Assembly**  
**February 24, 2017**

**Overview of Week 7 of the 91<sup>st</sup> General Assembly**  
**Holding Pattern and Negotiation Week**

Week 7 was a busy week behind the scenes although the retirement committee did not meet to consider retirement bills this week. On Monday, February 27, 2017, ATRS has three (3) bills up for consideration. It is reasonable to assume that ATRS will have between 2 and 4 bills up every week for consideration. The actuaries continue to work on cost studies on legislation. ATRS continues to negotiate amendments and details on the remaining 15 ATRS package bills that remain in committee. At this time, 4 package bills are law and one package bill is in the Governor's office after having completed the legislative process.

Extensive negotiation continues on the outsourcing bill, HB1287. ATRS is working hard to address the concerns of all interested parties. Other bills are also being explained with potential amendments on an "as needed" basis with the time allowed this week since no retirement committee meeting was scheduled.

Meetings and telephone calls with school officials, members of the General Assembly, ATRS members, and other school advocates are still occurring to discuss various issues with the 20 bill ATRS legislative package. ATRS is working on amendments to certain bills to reflect agreements and to further clarify language and intent. ATRS is always anxious to address concerns and improve legislation.

Below is the list of COURAGEOUS and hard working legislators who are carrying the 20 bill package of the ATRS Board on behalf of ATRS members. Some members have mistakenly thought that the bills were attacking ATRS. In reality, the bills are actually designed to help ATRS navigate any future stormy financial markets and actuarial changes with the ability to restore any adjustments.

Senator Ronald Caldwell  
Representative Bruce Coleman  
Senator Eddie Cheatham  
Representative Gary Deffenbaugh  
Senator John Cooper  
Representative John Maddox  
Senator Bart Hester  
Representative Johnny Rye

Senator Jeremy Hutchinson  
Senator Bill Sample  
Senator Bruce Maloch

As you read these weekly executive director updates and do not have time to read the entire update, you may want to look for any part of the update that is written in **red**. You may find **red wording** on both the Executive Director Update and on the Bill Summary attachment. **Red wording** indicates that ATRS staff believes the information is **important to know** or of **concern**. Due to the nature of having 25-30 substantive bills that affect ATRS and its members in this session's updates, each update will tend to be very long. Each bill will have an explanation and a status update. To the extent your time is limited, the **red wording** will attempt to highlight what ATRS staff thinks may be of greatest interest or concern for ATRS employers and members to focus upon. ATRS also understands that some members will be focused on specific bills that may be of major interest but not highlighted. It is understood that the 20 bill package of ATRS is closely watched since it is designed to allow ATRS to react to market changes and new financial standards.

### **Update on Four Substantive Bills Affecting ATRS Law**

At this time, **four (4)** additional bills have been filed (**not part of the ATRS package**) with substantive language that would change laws affecting ATRS and its members. HB1355 (now Act 265 of 2017) is a technical correction bill on behalf of the Code Revision Commission that only clarifies language such as changing "the system" to the "Arkansas Teacher Retirement System" and has no operational or fiscal impact.

Of the remaining three (3) bills, SB11 by Senator Hester would require ATRS to monitor its investments and hire a consultant to determine if any company in the ATRS stock portfolio has taken certain positions against Israel. This bill is still under review and analysis by ATRS.

HB1290 by Representative Tosh (now Act 241 of 2017) has language that Representative Tosh and ATRS worked together on that allows an additional exception in the five (5) year lookback law (statute of limitations) for under-reported service of a member upon which all contributions were paid at the time. ATRS does appreciate Representative Tosh working with ATRS to reach a fair compromise on this new Act.

Last is HB1336 by Representative Tosh. Representative Tosh is working with ATRS and the other retirement systems to address concerns. This bill has not been amended yet, but the work is underway to amend the bill to prevent a person who intentionally causes the death of a retirement system member from receiving benefits that become

available due to the member's death. This is also often called a "slayer statute". ATRS has no objection to adopting a slayer statute provision.

### **An Explanation About Shell Bills and a Shell Bill Update**

The GOOD NEWS is that no shell bill has been amended to impact ATRS. ATRS constantly monitors bills to quickly address the issue and to notify members if the content might adversely impact members. The mission on shell bills is to ALWAYS STAY PREPARED!

Shell bills are bills that without an amendment would have no impact on the law. Legislators may introduce a shell bill intending to amend it later in the session to address a specific issue. At other times, members may introduce a shell bill to be helpful in order to assist a retirement system or the General Assembly to address an issue that **might** arise later in the session. A typical shell bill will have wording like "a bill to amend the law regarding the Arkansas Teacher Retirement System".

There are 2 kinds of shell bills, a **specific subject matter** shell bill and a **generic** shell bill. A **specific matter** shell bill has indication within its title that the shell bill will only be used to make a change in a specific area such as benefits, board composition, investment policy, or operations. If a shell bill has a specific subject matter, the shell bill is limited to be used for that purpose only due to constitutional standards. A **generic** shell bill is written without a specific subject matter and potentially could impact any or all parts of ATRS.

A shell bill is like **a race car without an engine**. Unless an engine is placed in it, it sits there and does nothing. An engine can be quickly placed in a shell bill. An amendment can make that inoperative race car into **a rocket powered race car**. A bill can go from a shell bill to a substantive bill in **a day**. ATRS always carefully monitors all shell bills to ensure that a shell bill that becomes substantive is evaluated and properly addressed by ATRS on behalf of its employers and members. Shell bills can be very **helpful** and potentially very **hurtful**. That is why ATRS will list each shell bill that could be amended to impact ATRS each week in the weekly executive director update.

This session, ATRS asked **Senator Bruce Maloch** to introduce two (2) generic shell bills on behalf of ATRS to be held in the event an unexpected issue is discovered that needs to be addressed by a change in ATRS law that cannot be amended into an existing ATRS package bill. Six (6) additional **specific subject matter** shell bills were introduced that name the Arkansas Teacher Retirement System in the title. The subject matters on the 6 bills are **employment of retired members, Board of Trustees, investment practices, benefit payments, accounting and auditing, and administration**.

Five (5) additional **generic** shell bills were filed that could impact ATRS. One is specific as to ATRS with a generic title. Four (4) shell bills are with titles that could impact all retirement systems or employee groups that include an employee group of ATRS.