

## **EXECUTIVE DIRECTOR UPDATE**

### **HAPPY 80<sup>TH</sup> BIRTHDAY ATRS**

**Week 10 of the 91<sup>st</sup> General Assembly  
March 17, 2017**

#### **Overview of Week 10 of the 91<sup>st</sup> General Assembly ATRS Package Bills Continue Through The Process**

**Today is the 80<sup>th</sup> birthday of ATRS. On March 17, 1937, the Arkansas General Assembly created ATRS in the middle of the Great Depression to recruit, retain, and reward educators to deliver the education curriculum to the school children throughout Arkansas. Happy 80<sup>th</sup> Birthday ATRS! 80 years later, that mission remains unchanged in a world that has materially changed!**

Week 10 of the Arkansas General Assembly is a good point for a quick score card. The 20 bill ATRS legislative package has eight (8) bills that are law, four (4) bills are on the Governor's desk after passage of both chambers, three (3) bills have passed one chamber and are on the calendar for the second chamber, and five (5) bills remain in Committee. In addition, ATRS has worked with sponsors on other bills to suggest amendments and provide input to ensure the bills remain neutral to ATRS. ATRS expects that the session may be nearing an end in about two (2) weeks. That means significant work has already been done, but a flurry of activity will be required by ATRS in the next two (2) weeks.

Earlier this week, ATRS provided a special executive director update that has been well received that explains ATRS is not in financial trouble, but always intends to be prepared for any financial crisis in the markets or any other issue that might arise. The update explained that the 2017 ATRS legislative bill package is much like the insurance you purchase on your homes and valuable items. It is intended to never be used, but to be in place if ever needed. The special update is also an attachment to this update for those who missed it the first time.

On Monday, March 20, 2017, ATRS will have five (5) bills to be presented in the Joint Retirement Committee. ATRS has been working with the sponsors on all five (5) bills. Monday's meeting could be the last meeting of the Joint Retirement Committee this session. Four (4) of the bills have amendments for the Committee to consider as final negotiations continued on the bills within the last week.

As the session nears an end, ATRS would again like to express appreciation to the following list of legislators who sponsored legislation on behalf of ATRS. Retirement legislation is always complex and difficult to sponsor. These legislators made a special effort to help ATRS:

Senator Ronald Caldwell  
Senator Eddie Cheatham  
Senator John Cooper  
Senator Bart Hester  
Senator Jeremy Hutchinson  
Senator Bill Sample  
Senator Bruce Maloch

Representative Bruce Coleman  
Representative Gary Deffenbaugh  
Representative John Maddox  
Representative Johnny Rye

In addition to the sponsors listed above, several legislators worked especially hard to assist ATRS. The first thank you should always go to the members of the Joint Retirement Committee that must meet early on Monday mornings and come to the Capitol early to hear retirement legislation. Here is a list of the twenty (20) committee members by chamber:

### **2017 Senate Members of Retirement Committee**

Senator Bart Hester, Chair	Cave Springs
Senator Blake Johnson, Vice Chair	Corning
Senator Larry Teague	Nashville
Senator Joyce Elliott	Little Rock
Senator Jason Rapert	Conway
Senator Bill Sample	Hot Springs
Senator Jeremy Hutchinson	Little Rock
Senator Eddie Cheatham	Crossett
Senator Linda Chesterfield	Little Rock
Senator Jane English	North Little Rock

### **2017 House Members of Retirement Committee**

Representative Douglas House, Chair	North Little Rock
Representative Gary Deffenbaugh, Vice Chair	Van Buren
Representative David Meeks, Chair	Conway
Representative Fred Allen	Little Rock
Representative Ron McNair	Alpena
Representative Bob Johnson	Jacksonville
Representative Bruce Coleman	Mountainburg
Representative Clint Penzo	Springdale
Representative Johnny Rye	Trumann
Representative Les Warren	Hot Springs

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**

In a previous update, we reported that **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. HB1290 (now Act 241 of 2017) is a modification of the 5 year look back law, and 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. One bill was withdrawn from consideration. The two (2) bills that became Act either were amended at the request of ATRS to remove concerns or were technical in nature without any concern when introduced.

A new bill that will require ATRS compliance on investments requires divestiture of certain companies that would be identified, and has some costs to ATRS to have the Arkansas Development Finance Authority to hire experts to monitor and report on companies that boycott Israel is now **SB513**. After negotiations and discussions with agencies directors, an Amendment was filed to SB513. The amendment was engrossed and received a recommendation that it "DO PASS" out of the Senate State Agencies and Governmental Affairs Committee. ATRS is monitoring this bill. ATRS supports the changes that Senator Hester graciously made to the bill.

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

As a reminder, a shell bill is a placeholder bill that has no operative language unless amended to have a substantive impact. ATRS carefully watches shell bills during a session to ensure any shell bill that could affect ATRS is properly addressed.

At this point in the Session, unless a shell bill is amended in the next few days, it becomes problematic for the bill to ever make it through the legislative process before adjournment. Although ATRS will continue to monitor shell bills, the focus has become much more a focus on completing the ATRS legislative package. The chances of a shell bill becoming an active bill opposed by ATRS is less than 10% at this time. Unless you see a special ATRS update on a shell bill, shell bills will no longer be a part of the standard weekly executive director update for the session after this week. If you see an update on a shell bill, it will be of great importance.

