HB425

150261-2

By Representatives Boothe, Bridges, Vance, Gaston, Moore (B), Lee and Shiver

RFD: Ways and Means Education

First Read: 07-MAR-13
SYNOPSIS: Under current law, the general administration and responsibility for the proper operation of the Teachers' Retirement System of Alabama is statutorily vested in a 14-member Board of Control.

This bill would alter the membership of the Board of Control.

A BILL TO BE ENTITLED
AN ACT

To amend Section 16-25-19, Code of Alabama 1975, relating to the Board of Control of the Teachers' Retirement System of Alabama, to alter the membership of the Board of Control.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 16-25-19 of the Code of Alabama 1975, is amended to read as follows:

"§16-25-19.
"(a) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this chapter are hereby vested in a board of trustees which shall be known as the Board of Control and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office.

"(b) The board shall consist of 14 trustees as follows:

"(1) The State Superintendent of Education, ex officio;

"(2) The State Treasurer, ex officio;

"(3) The state Director of Finance, ex officio;

"(4) The Executive Secretary of the Alabama Education Association, ex officio; and

"(5) Ten (4) Eleven elected members of the retirement system. Of the 10 members of the retirement system, Those 11 members shall consist of representatives elected from each of the following categories: two shall be retired members, one shall be a city or county superintendent, one shall be a principal, one shall be a member from an institution of postsecondary education that is part of the Alabama Community College System, two shall be members from a public four-year institution of higher education, three shall be teachers who are actively instructing students in grades K-12, and two one shall be an educational support personnel from a grade K-12 school., all of whom shall be elected by the
members of the retirement system. Each of the elected members shall be elected only by members from the same category of the retirement system. The elected members shall be elected by the members of the retirement system in a statewide election conducted by the retirement system under a third party entity that is not a participant of or affiliated with the Teachers' Retirement System. All such elections shall be conducted in accordance with accepted principles of fair election practices. The third party entity shall be responsible for the distribution and collection of ballots and tallying election results. Other aspects of the election shall be handled pursuant to such rules and regulations as the Board of Control may adopt to assure that each member will be eligible to vote for each the applicable elected position as follows:

"a. Teacher Place #1 for a term of three years beginning July 1, 1974;.

"b. Teacher Place #2 for a term of three years beginning July 1, 1974;.

"c. Teacher Place #3 for a term of two years beginning July 1, 1974;.

"d. Educational Support Personnel Place #1 for a term of three years beginning July 1, 1986;.

"e. Educational Support Personnel Place #2 for a term of two years beginning July 1, 1986;.

"f. Retired Place #1 for a term of three years beginning July 1, 1974;."
"f. Retired Place #2 for a term of three years beginning July 1, 1987;.

g. Superintendents' Place for a term of two years beginning July 1, 1976;.

h. Principals' Place for a term of three years beginning July 1, 1976 and ;.

i. Postsecondary Place for a term of three years beginning July 1, 1974 2016, to be filled by the member elected from an institution of postsecondary education that is part of the Alabama Community College System.

j. Higher Education Place #1 for a term of three years beginning July 1, 2013, to be filled by a member elected from a public four-year institution of higher education.

k. Higher Education Place #2 for a term of three years beginning July 1, 2015, to be filled by a member elected from a public four-year institution of higher education. This higher education position shall replace the Educational Support Personnel Place #2 at the conclusion of the incumbent's term June 30, 2015.

Thereafter each member according to place number shall be elected for three-year terms, according to such rules and regulations as the Board of Control shall adopt to govern such elections. The terms of these officers shall begin after they have qualified and taken the oath of office.

"(c) The Board of Control of the Teachers' Retirement System shall provide for annual elections to fill the position of any trustee whose term has expired.
"(d) If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the remainder of the unexpired term through appointment by a simple majority vote of the Board of Control the Governor.

"(e) The trustees shall serve without compensation for their services as trustees, but they shall be reimbursed from the expense fund for all necessary expenses that they may incur through service on the Board of Control.

"(f) Each trustee shall, within 10 days after his appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the affairs of the Board of Control and that he will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the retirement system. Such oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and immediately filed in the office of the Secretary of State.

"(g) Each trustee shall be entitled to one vote in the Board of Control. Eight votes shall be necessary for a decision by the trustees at any meeting of said board. In case of a tied vote the decision shall fail.

"(h) Subject to the limitations of this chapter, the Board of Control shall from time to time establish rules and regulations for the administration of the funds created by this chapter and for the transaction of its business.

"(i) The Board of Control shall elect from its membership a chairman and by a majority vote of all the
members shall elect a Secretary-Treasurer, who shall serve as chief executive officer of the retirement system. In addition thereto, the Board of Control may engage such actuarial and administrative officers and other special services as shall be deemed necessary to transact the business of the retirement system. The compensation and expenses of these actuarial and administrative officers and other special services shall be paid at such rates and in such amounts as the Board of Control shall approve. All other employees not in these categories of employment shall be employed under the provisions of the Merit System Act.

"(j) The Board of Control shall keep in convenient form such data as shall be necessary for actuarial valuation of the various funds of the retirement system and for checking the experience of the system.

"(k) The Board of Control shall keep a record of all its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding school year, the amount of the accumulated cash and securities of the system and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system.

"(l) The Attorney General of the state shall be the legal adviser of the Board of Control.

"(m) The Board of Control shall designate a medical board to be composed of three physicians not eligible to
participate in the retirement system. If required, other physicians may be employed to report on special cases. The medical board shall arrange for and pass upon all medical examinations required under this chapter, shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the Board of Control its conclusions and recommendations upon all matters referred to it.

"(n) The Board of Control shall designate an actuary who shall be the technical adviser of the Board of Control on matters regarding the operation of the funds created by the provisions of this chapter and who shall perform such other duties as are required in connection therewith.

"(o) Immediately after the establishment of the retirement system, the actuary shall make such investigation of the mortality, service and compensation experience of the members of the system as he shall recommend and the Board of Control shall authorize, and on the basis of such investigation he shall recommend for adoption by the Board of Control such tables and such rates as are required in subdivisions (1) and (2) of subsection (p) of this section. The Board of Control shall adopt tables and certify rates; and, as soon as practicable thereafter, the actuary shall make a valuation based on such tables and rates, of the assets and liabilities of the funds created by this chapter.
"(p) In the year 1943, and at least once in each five-year period thereafter, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the retirement system and shall make a valuation of the assets and liabilities of the funds of the system; and, taking into account the results of such investigation and valuation, the Board of Control shall:

"(1) Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary; and

"(2) Certify the rates of contributions payable by the state under the provisions of this chapter.

"(q) On the basis of such tables as the Board of Control shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the system created by this chapter."

Section 2. This act shall become effective immediately upon its passage and approval or its otherwise becoming law.