

House Bill 1183

Actuarial Cost Study prepared for Joint Committee on Public Retirement and Social Security Programs of the Arkansas 94th General Assembly

Provisions of the Bill

House Bill 1183 affects the Arkansas Teacher Retirement System (ATRS). The bill alters several subsections of ACA §24-7-506. This section of code deals with the responsibilities of employers who outsource various functions that are normally provided by the school systems. This section added to the code during the 2017 legislative session requires a surcharge to those employers.

Many of the changes in wording found in House Bill 1183 deal with phase in provisions which are now obsolete. The most significant change is that the current law allows an employer who is outsourcing these services to elect to have these workers participate in ATRS and thereby the entire contribution amount is paid for them. The employer can make this choice instead of paying a surcharge. The ability to make this election is removed by House Bill 1183 and the remaining changes made by the bill are language reorganization to remove this election.

Fiscal Impact

House Bill 1183 would only change the election to participate outlined in current law. If an employer made that election ATRS would receive additional income as well as include more members. It is our understanding based on review with ATRS officials that over 200 employers had outsourcing surcharges this past fiscal year and none of the participating provisions were elected by any of those employers. If that employer behavior continues as it has in previous years, then the removal of this provision will not impact the future contribution income for ATRS. Therefore, it is our opinion that House Bill 1183 does not have any significant fiscal impact on ATRS.

Sincerely,



Jody Carreiro, ASA, MAAA, EA, FCA
Actuary