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Senate Bill 148

(As Engrossed March 12, 2025)
Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 95th General Assembly

Provisions of the Bill

Senate Bill 148 affects the provisions of the Arkansas Teachers Retirement System (ATRS). The members of ATRS are those who work for public schools and those that have "employment with a school" as defined ACA §24-7-202(21). This includes certain support agencies like employees of ATRS and the State Board of Education. Senate Bill 148 would add to this definition of "employment with a school" to include early childhood workers who are licensed by the state and employed based on state or federal funding.

Fiscal Impact

The employees of employers entering ATRS are covered as new employees without credit for past service. This means the amount of the full ATRS contribution paid on behalf of these employees is greater than the normal cost (the cost before payment for unfunded past service). Therefore, Senate Bill 148 would not impact on the cost of APERS. Once membership is established, a member of ATRS can elect to pay an amount to purchase past service. The cost of past service is set to be very close to actuarial equivalence, meaning it should not create additional cost to ATRS. In total, it is our opinion that Senate Bill 148 would not have an adverse fiscal impact to ATRS.

Other Considerations

We also reviewed Senate Bill 148 to see if the new employer type would be considered a governmental employer since ATRS enjoys the benefits of being a governmental qualified plan. The definition of early childcare worker is narrow so that these employees are clearly connected to a governmental function or purpose. This is done through licensure and position funding. Therefore, we do not see this addition having a negative impact on the ATRS status of a governmental plan.

Sincerely,

Jody Carreiro

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Actuary