

Arkansas Bureau of Legislative Research

Fiscal Note for

For Employee Benefit Division Impact

November 21, 2024 / Patrick Klein

PURPOSE

The State of Arkansas' Employee Benefit Division currently has positions that are budgeted for annually, with an allotted set dollar amount, whether the positions are filled or vacant. Segal has been requested to determine the financial impact of the elimination of allotted specified budgets for vacant positions effective July 1, 2025.

ACTUARIAL STATEMENT

The Fiscal Impact Statement was prepared according to generally accepted actuarial principles and practices, in compliance with ACT 112. The Statement provides an estimate of the financial and actuarial effect of the proposed change(s) on the Plans, if possible. The Statement makes no comment or opinion with regard to the merits of the measure for which the Statement is prepared; however, any identified technical or mechanical defects have been noted.

We have reviewed the input and results of our analysis for reasonableness and relied upon the data and information provided by the EBD and the BLR.



Patrick Klein, FSA, MAAA
Vice President

11/21/2024

Date

REMOVAL OF SPECIFIED BUDGET FOR VACANT POSITIONS: PROJECTED HEALTH COSTS

Reduction to State Contributions for ASE plan

FY 2026	FY 2027	FY 2028
\$41M	\$43M	\$44M

PRICING APPROACH AND COMMENTS

We utilized the estimated number of vacant positions to be terminated provided by the Arkansas Office of Personnel Management of 5,071. The assumed 2025 state contributions of \$660 per budgeted position was also provided to Segal. Segal assumed state contributions would be increased at 4% annually from CY 2026-2028 as shown in the table below:

CY 2025	CY 2026	CY 2027	CY 2028
\$660	\$686	\$714	\$742

Actual cost impacts may vary as actual future experience differs from the assumptions made in developing these estimates. Potential for actual experience to vary from the assumptions made in this estimate includes underlying changes to the number of budgeted and vacant positions, and changes to the state's contributions schedule.