

Analysis of Finance Advisory Committee Meeting Items

August 8, 2024 Agenda



OFFICE OF FISCAL ANALYSIS

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FAC 2025-01 Office of Policy and Management - Various State Agencies

Agency	Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
				FROM (Decrease)	TO (Increase)	
General Fund						
Department of Revenue Services	Personal Services	61,221,998	(5,000,000)	(6,000,000)	-	50,221,998
Department of Developmental Services	Personal Services	231,016,245	(11,553,211)	(8,146,789)	-	211,316,245
State Comptroller - Fringe Benefits	Judges and Compensation Commissioners Retirement	37,436,431	-	(6,976,513)	-	30,459,918
State Comptroller - Fringe Benefits	State Employee Health Service Cost	708,256,659	-	(24,443,217)	-	683,813,442
State Treasurer - Debt Service	Debt Service	1,985,729,226	-	(28,300,211)	-	1,957,429,015
State Comptroller - Fringe Benefits	State Employee Retirement Contributions - Normal Cost	182,006,295	-	-	2,266,242	184,272,537
State Comptroller - Fringe Benefits	State Employee Retirement Contributions - UAL	1,420,805,152	-	-	29,153,488	1,449,958,640
Teachers' Retirement Board	Retirement Contributions	1,558,960,000	-	-	42,447,000	1,601,407,000
Subtotal - General Fund				(73,866,730)	73,866,730	
Transportation Fund						
State Treasurer - Debt Service	Debt Service	951,115,534	-	(3,259,789)	-	947,855,745
State Comptroller - Fringe Benefits	State Employee Retirement Contributions - Normal Cost	21,096,029	-	-	262,178	21,358,207
State Comptroller - Fringe Benefits	State Employee Retirement Contributions - UAL	146,129,193	-	-	2,997,611	149,126,804
Subtotal - Transportation Fund				(3,259,789)	3,259,789	
TOTAL				(77,126,519)	77,126,519	

General Fund

Funding is available for transfer from these accounts due to the following:

Department of Revenue Services, Personal Services - \$6,000,000

A delay in refilling vacant positions. As of August 1, 2024, 542 positions were filled out of a total authorized count of 593. The availability of Personal Services funding assumes the release of \$6 million out of the total \$11 million holdback applied to the account.

Department of Developmental Services, Personal Services- \$8,146,789

Based on historical lapses in this account. The availability of Personal Services funding assumes the release of \$8,146,789 out of the total \$19.7 million holdback applied to the account.

State Comptroller - Fringe Benefits

Judges and Compensation Commissioners Retirement - \$6,976,513

Section 80 of PA 24-81 revised the amortization methodology to a fifteen-year layered approach resulting in net savings of \$6.98 million in FY 25.

State Employee Health Service Cost - \$24,443,217

¹ Prior policy actions may include holdbacks (forced lapses), rescissions, and transfers.

Lower premium costs and enrollment numbers than anticipated.

State Treasurer, Debt Service – \$28,300,211

Reflects lower actual bond issuance than anticipated when the 2024-2025 biennial budget was adopted. Funds remaining after the transfer are anticipated to be sufficient for FY 25 debt service.

Funding is needed for transfer to these accounts due to the following:

State Comptroller – Fringe Benefits

State Employee Retirement Contributions – Normal Cost – \$2,266,242 & UAL – \$29,153,488

The June 30, 2023, valuation established an actuarially determined employer contribution (ADEC) higher than originally appropriated in the FY 25 budget. Section 4(b) of PA 24-81 permits the Governor to transfer necessary appropriated funds, with the approval of the Finance Advisory Committee, for the purpose of funding the ADEC.

Teachers’ Retirement Board, Retirement Contributions – \$42,447,000

The June 30, 2023, valuation established an actuarially determined employer contribution (ADEC) higher than originally appropriated in the FY 25 budget. Section 4(b) of PA 24-81 permits the Governor to transfer necessary appropriated funds, with the approval of the Finance Advisory Committee, for the purpose of funding the ADEC.

Transportation Fund

Funding is available for transfer from these accounts due to the following:

State Treasurer, Debt Service – \$3,259,789

Reflects lower actual bond issuance than anticipated when the 2024-2025 biennial budget was adopted. Funds remaining after the transfer are anticipated to be sufficient for FY 25 debt service.

Funding is needed for transfer to these accounts due to the following:

State Comptroller – Fringe Benefits

State Employee Retirement Contributions – Normal Cost – \$262,178 & UAL – \$2,997,611

The June 30, 2023, valuation established an actuarially determined employer contribution (ADEC) higher than originally appropriated in the FY 25 budget. Section 4(b) of PA 24-81 permits the Governor to transfer necessary appropriated funds, with the approval of the Finance Advisory Committee, for the purpose of funding the ADEC.

FAC 2025-02 Office of Policy and Management

Account	Original Appropriation	Prior Policy Actions ²	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Motor Vehicle Tax Grants	154,562,410	-	(7,709,878)	-	146,852,532
Tiered Pilot	339,410,167	-	-	7,709,878	347,120,045
TOTAL - Municipal Revenue Sharing Fund			(7,709,878)	7,709,878	

Municipal Revenue Sharing Fund

Funding is available for transfer from these accounts due to the following:

Motor Vehicle Tax Grants - \$7,709,878

The total cost of the Motor Vehicle Tax Grants decreased by \$18.3 million in FY 25 from the initial calculation of the grant. This decrease is associated with variables within the statutory formula.

Funding is needed for transfer to these accounts due to the following:

Tiered Pilot - \$7,709,878

The total cost of the Tiered PILOT Grants increased by \$7.7 million in FY 25 from the initial calculation of this grant. This increase is associated with variables within the statutory formula.

² Prior policy actions may include holdbacks (forced lapses), rescissions, and transfers.