

Teachers' Retirement Board

TRB77500

Position Summary

Account	Actual FY 12	Governor Estimated FY 13	Governor Recommended		Legislative	
			FY 14	FY 15	FY 14	FY 15
Permanent Full-Time - GF	27	27	27	27	27	27

Budget Summary

Account	Actual FY 12	Governor Estimated FY 13	Governor Recommended		Legislative	
			FY 14	FY 15	FY 14	FY 15
Personal Services	1,445,039	1,435,749	1,628,071	1,707,570	1,628,071	1,707,570
Other Expenses	254,779	634,381	563,290	575,197	563,290	575,197
Equipment	0	1	1	1	1	1
Other Than Payments to Local Governments						
Retirement Contributions	757,246,000	787,536,000	948,540,000	984,110,000	948,540,000	984,110,000
Retirees Health Service Cost	27,886,285	16,374,940	0	0	16,912,000	21,214,000
Municipal Retiree Health Insurance Costs	7,372,718	5,915,610	0	0	5,447,370	5,447,370
GAAP Adjustments	0	0	14,038	10,466	14,038	10,466
Agency Total - General Fund	794,204,821	811,896,681	950,745,400	986,403,234	973,104,770	1,013,064,604

Account	Legislative				Difference from Governor Recommended			
	FY 14		FY 15		FY 14		FY 15	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Current Services

Adjust Funding to Reflect Wage & Compensation Related Costs

Personal Services	0	278,009	0	361,693	0	0	0	0
Total - General Fund	0	278,009	0	361,693	0	0	0	0

Governor

Provide funding of \$278,009 in FY 14 and \$361,693 in FY 15 to reflect current services wage-related adjustments such as annual increments, general wage increases, overtime, annualization, turnover, and other compensation-related adjustments.

Legislative

Same as Governor

Adjust Operating Expenses to Reflect Current Requirements

Retirees Health Service Cost	0	8,841,060	0	14,576,060	0	0	0	0
Municipal Retiree Health Insurance Costs	0	1,347,550	0	1,347,550	0	0	0	0
Total - General Fund	0	10,188,610	0	15,923,610	0	0	0	0

Governor

Provide funding of \$10,188,610 in FY 14 and \$15,923,610 in FY 15 in the two TRB health accounts to reflect FY 14 and FY 15 anticipated expenditure requirements. These costs reflect health care cost and enrollment trends.

Legislative

Same as Governor

Account	Legislative				Difference from Governor Recommended			
	FY 14		FY 15		FY 14		FY 15	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Fully Fund Retirement Contribution

Retirement Contributions	0	161,004,000	0	196,574,000	0	0	0	0
Total - General Fund	0	161,004,000	0	196,574,000	0	0	0	0

Background

The Teachers' Retirement System (TRS) is funded on an actuarial basis and requires full funding of the actuarial required contribution. Based on the 6/30/12 valuation, the system had assets of \$13.7 billion and liabilities of \$24.8 billion resulting in an unfunded liability of \$11.1 billion and a funded ratio of 55%.

Governor

Provide funding of \$161 million in FY 14 and \$196.6 million in FY 15 to fully fund the state's actuarial required contribution to the TRS.

Legislative

Same as Governor

Provide Funding for GAAP

Nonfunctional - Change to Accruals	0	18,705	0	10,955	0	0	0	0
Total - General Fund	0	18,705	0	10,955	0	0	0	0

Background

Each agency's budget will include a new line item account called "Nonfunctional - Change to Accruals". This line item represents the estimate of the difference between an agency's cash-basis budget amounts and the accrual-basis amounts that will be reflected under Generally Accepted Accounting Principles (GAAP). These funds will not be available for spending; in the aggregate they will prevent the state's GAAP deficit from growing.

Governor

Provide funding of \$18,705 in FY 14 and \$10,955 in FY 15 to reflect the implementation of GAAP in the budget.

Legislative

Same as Governor

Apply Inflationary Increases

Other Expenses	0	13,767	0	32,564	0	0	0	0
Total - General Fund	0	13,767	0	32,564	0	0	0	0

Background

Applying inflationary factors to current year expenditures provides an estimate of the cost of continuing services into the next year.

Governor

Increase funding for Other Expenses by \$13,767 in FY 14 and an additional \$18,797 in FY 15 (for a cumulative total of \$32,564 in the second year) to reflect inflationary increases.

Legislative

Same as Governor

Policy Revisions

Adjust State Share of Retiree Health Service Costs

Retirees Health Service Cost	0	(8,304,000)	0	(9,737,000)	0	16,912,000	0	21,214,000
Total - General Fund	0	(8,304,000)	0	(9,737,000)	0	16,912,000	0	21,214,000

Background

The Teachers' Retirement Board (TRB) is required to offer one or more health plans to retired Teachers' Retirement System members who are participating in Medicare. The TRB health plan is funded on a self-insured basis. The statutory cost sharing arrangement requires that retirees, the state and the TRB health fund each pay one-third of the total cost. The TRB health fund is funded through active teachers' 1.25% contributions. CGS 10 - 183t governs TRB health insurance. For FY 13, the state reduced its contribution from 33% to 25% and increased the TRB health fund share from 33% to 42%.

Account	Legislative				Difference from Governor Recommended			
	FY 14		FY 15		FY 14		FY 15	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Governor

Funding for the state's one-third share of the TRB health plan is eliminated for the 2013 -15 Biennium, resulting in a reduction of \$25.2 million in FY 14 and \$31 million in FY 15.

Legislative

Funding is reduced by \$8.3 million in FY 14 and \$9.7 million FY 15 to reflect a state contribution of 25% of the TRB health plan costs. Section 21 of PA 13-184, the FY 14 and FY 15 Budget, implements this provision.

Adjust State Share of Municipal Health Subsidy

Municipal Retiree Health Insurance Costs	0	(1,815,790)	0	(1,815,790)	0	5,447,370	0	5,447,370
Total - General Fund	0	(1,815,790)	0	(1,815,790)	0	5,447,370	0	5,447,370

Background

The municipal subsidy is provided to those retirees and dependents with health insurance through their last employing board of education. The amount that eligible retirees receive is statutorily set at \$110 per month for most members and \$220 per month for members who are 65 or older, not Medicare eligible and paying more than \$220 per month for health insurance. The state is required to pay one-third of the cost of the subsidy according to statute pursuant to CGS 10 - 183t. For FY 13, the state share of the municipal subsidy was reduced from 33% to 25%. The balance of the subsidy is paid from the TRB health fund and the fund's share increased from 66% to 75%.

Governor

Funding for the state's one-third share of the TRB municipal health insurance subsidy is eliminated for the 2014 - 15 Biennium, resulting in a reduction of \$7.3 million in FY 14 and FY 15.

Legislative

Funding of \$1.8 million is reduced in both FY 14 and FY15 to reflect a state contribution of 25% of the municipal subsidy cost. Section 21 of PA 13-184, the FY 14 and FY 15 Budget, implements this provision.

Reduce Personal Services

Personal Services	0	(85,687)	0	(89,872)	0	0	0	0
Total - General Fund	0	(85,687)	0	(89,872)	0	0	0	0

Governor

Funding for Personal Services is reduced by \$85,687 in FY 14 and \$89,872 in FY 15 to reflect the reclassification of vacant positions.

Legislative

Same as Governor

Reduce Claims Audit Expense

Other Expenses	0	(32,407)	0	(33,347)	0	0	0	0
Total - General Fund	0	(32,407)	0	(33,347)	0	0	0	0

Governor

Funding is reduced by \$32,407 in FY 14 and \$33,347 in FY 15 to reflect a reduction in the claims audit contract.

Legislative

Same as Governor

Rollout of FY 13 Rescissions

Other Expenses	0	(31,719)	0	(32,639)	0	0	0	0
Total - General Fund	0	(31,719)	0	(32,639)	0	0	0	0

Background

The Governor implemented General Fund rescissions in November of 2012 totaling \$170.4 million across state agencies. The Governor's FY 14 and FY 15 budget includes the rollout of \$69.7 million of FY 13 rescissions across various agencies.

Governor

Reduce funding of \$31,719 in FY 14 and \$32,639 FY 15 to reflect the rollout of the Governor's FY 13 rescissions.

Legislative

Same as Governor

Account	Legislative				Difference from Governor Recommended			
	FY 14		FY 15		FY 14		FY 15	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Eliminate Inflationary Increases

Other Expenses	0	(13,767)	0	(18,797)	0	0	0	0
Total - General Fund	0	(13,767)	0	(18,797)	0	0	0	0

Governor

Reduce Other Expenses by \$13,767 in FY 14 and \$18,797 in FY 15 to reflect the elimination of inflationary increases.

Legislative

Same as Governor

Transfer Funding - Centralize Courier & Mail Services in DAS

Other Expenses	0	(6,965)	0	(6,965)	0	0	0	0
Total - General Fund	0	(6,965)	0	(6,965)	0	0	0	0

Governor

Transfer funding of \$6,965 in both FY 14 and FY 15 to reflect moving courier and central mail services to the Department of Administrative Services (DAS).

Legislative

Same as Governor

Adjust Funding for GAAP

Nonfunctional - Change to Accruals	0	(4,667)	0	(489)	0	0	0	0
Total - General Fund	0	(4,667)	0	(489)	0	0	0	0

Governor

Reduce funding by \$4,667 in FY 14 and \$489 in FY 15 to reflect changes to GAAP accruals as a result of policy changes.

Legislative

Same as Governor

Totals

Budget Components	Legislative				Difference from Governor Recommended			
	FY 14		FY 15		FY 14		FY 15	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Governor Estimated - GF	27	811,896,681	27	811,896,681	0	0	0	0
Current Services	0	171,503,091	0	212,902,822	0	0	0	0
Policy Revisions	0	(10,295,002)	0	(11,734,899)	0	22,359,370	0	26,661,370
Total Recommended - GF	27	973,104,770	27	1,013,064,604	0	22,359,370	0	26,661,370

Other Significant Legislation**PA 13-184, An Act Concerning Expenditures and Revenue for the Biennium Ending June 30, 2015**

Sections 11, 12 and 49 contain provisions that allow the Secretary of the Office of Policy and Management (OPM) to allocate specific lapses to state agencies in the three branches of government (these are typically called holdbacks). The agency's FY 14 appropriation levels will be reduced by the amounts shown in the table to achieve the lapses included in PA 13-184. This includes a General Lapse of \$9,131, a General Other Expenses Lapse of \$4,614, and a Statewide Hiring Reduction Lapse of \$4,792. See the FY 14 Holdbacks schedule in Section VI of this document for a further description of these statewide savings targets.

Account	Appropriation \$	Reduction Amount \$	Net Remaining \$	% Reduction
Personal Services	1,628,071	(11,585)	1,616,486	0.71%
Other Expenses	563,290	(6,952)	556,338	1.23%