

## State Comptroller - Fringe Benefits

### OSC15200

#### Budget Summary

| Account  | Actual<br>FY 19      | Actual<br>FY 20      | Appropriation<br>FY 21 | Governor Recommended |                      | Legislative          |                      |
|--|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
|  |                      |                      |                        | FY 22                | FY 23                | FY 22                | FY 23                |
| <b>Other Current Expenses</b>                          |                      |                      |                        |                      |                      |                      |                      |
| Unemployment Compensation                              | 3,583,999            | 3,281,410            | 4,974,400              | 11,790,700           | 9,915,000            | 11,790,700           | 9,915,000            |
| State Employees Retirement Contributions               | 1,167,476,997        | -                    | -                      | -                    | -                    | -                    | -                    |
| Higher Education Alternative Retirement System         | (21,539,656)         | 9,585,911            | 24,034,700             | 12,034,700           | 12,997,500           | 12,034,700           | 12,997,500           |
| Pensions and Retirements - Other Statutory             | 1,852,362            | 1,923,329            | 2,029,134              | 2,135,971            | 2,191,248            | 2,135,971            | 2,191,248            |
| Judges and Compensation Commissioners Retirement       | 27,427,480           | 27,010,989           | 28,522,111             | 33,170,039           | 35,136,261           | 33,170,039           | 35,136,261           |
| Insurance - Group Life                                 | 7,732,548            | 8,696,990            | 8,770,200              | 9,293,600            | 10,223,000           | 9,293,600            | 10,223,000           |
| Employers Social Security Tax                          | 209,089,275          | 211,404,916          | 218,208,651            | 228,242,630          | 237,060,604          | 228,352,632          | 235,459,979          |
| State Employees Health Service Cost                    | 634,210,107          | 681,984,938          | 715,320,807            | 710,801,480          | 775,392,003          | 711,164,645          | 741,475,400          |
| Retired State Employees Health Service Cost            | 682,032,180          | 743,069,910          | 847,309,000            | 785,602,000          | 874,398,000          | 738,009,000          | 875,791,000          |
| Tuition Reimbursement - Training and Travel            | 4,833,001            | 3,455,608            | 3,508,500              | 115,000              | -                    | 115,000              | -                    |
| Other Post Employment Benefits                         | 94,000,000           | 91,673,340           | 83,648,639             | 84,765,700           | 85,793,100           | 84,927,099           | 86,077,363           |
| Death Benefits For St Employ                           | 15,550               | 15,000               | -                      | -                    | -                    | -                    | -                    |
| SERS Defined Contribution Match                        | -                    | 3,558,903            | 3,257,268              | 9,354,400            | 16,913,500           | 9,341,033            | 16,903,188           |
| State Employees Retirement Contributions - Normal Cost | -                    | 168,330,352          | 149,045,118            | 153,009,950          | 158,298,835          | 153,009,950          | 158,298,835          |
| State Employees Retirement Contributions - UAL         | -                    | 1,027,358,185        | 1,246,717,529          | 1,245,742,618        | 1,284,612,990        | 1,307,632,680        | 1,350,688,768        |
| <b>Agency Total - General Fund</b>                     | <b>2,810,713,843</b> | <b>2,981,349,781</b> | <b>3,335,346,057</b>   | <b>3,286,058,788</b> | <b>3,502,932,041</b> | <b>3,300,977,049</b> | <b>3,535,157,542</b> |
| Unemployment Compensation                              | 297,873              | 151,161              | 203,548                | 424,200              | 382,000              | 424,200              | 382,000              |
| State Employees Retirement Contributions               | 126,280,942          | -                    | -                      | -                    | -                    | -                    | -                    |
| Insurance - Group Life                                 | 252,100              | 298,441              | 288,600                | 326,200              | 359,000              | 326,200              | 359,000              |
| Employers Social Security Tax                          | 15,378,288           | 15,018,768           | 17,222,866             | 17,638,600           | 18,322,815           | 17,601,000           | 18,317,616           |
| State Employees Health Service Cost                    | 47,495,758           | 51,690,136           | 54,613,417             | 55,006,662           | 60,109,406           | 54,874,062           | 60,085,606           |
| Other Post Employment Benefits                         | 6,141,000            | 5,894,483            | 5,235,623              | 5,614,800            | 5,715,900            | 5,600,000            | 5,713,922            |
| SERS Defined Contribution Match                        | -                    | 240,145              | 354,879                | 594,200              | 1,076,200            | 589,300              | 1,075,541            |
| State Employees Retirement Contributions - Normal Cost | -                    | 21,610,640           | 19,091,316             | 19,599,175           | 20,276,633           | 19,599,175           | 20,276,633           |
| State Employees Retirement Contributions - UAL         | -                    | 125,473,360          | 156,836,684            | 146,770,596          | 151,538,852          | 152,758,381          | 158,392,912          |
| <b>Agency Total - Special Transportation Fund</b>      | <b>195,845,961</b>   | <b>220,377,134</b>   | <b>253,846,933</b>     | <b>245,974,433</b>   | <b>257,780,806</b>   | <b>251,772,318</b>   | <b>264,603,230</b>   |
| <b>Total - Appropriated Funds</b>                      | <b>3,006,559,804</b> | <b>3,201,726,915</b> | <b>3,589,192,990</b>   | <b>3,532,033,221</b> | <b>3,760,712,847</b> | <b>3,552,749,367</b> | <b>3,799,760,772</b> |
| <b>Additional Funds Available</b>                      |                      |                      |                        |                      |                      |                      |                      |
| Carry Forward State Employees' Retirement Fund         | -                    | -                    | -                      | -                    | -                    | 21,000,000           | -                    |
| <b>Agency Grand Total</b>                              | <b>3,006,559,804</b> | <b>3,201,726,915</b> | <b>3,589,192,990</b>   | <b>3,532,033,221</b> | <b>3,760,712,847</b> | <b>3,573,749,367</b> | <b>3,799,760,772</b> |

| Account | Governor Recommended |       | Legislative |       | Difference from Governor |       |
|---------|----------------------|-------|-------------|-------|--------------------------|-------|
|         | FY 22                | FY 23 | FY 22       | FY 23 | FY 22                    | FY 23 |

## Policy Revisions

### Extend the Amortization Phase In Period for SERS

|  |                     |                      |          |          |                   |                    |
|--|---------------------|----------------------|----------|----------|-------------------|--------------------|
| State Employees Retirement Contributions - UAL | (53,890,062)        | (106,127,038)        | -        | -        | 53,890,062        | 106,127,038        |
| <b>Total - General Fund</b>                    | <b>(53,890,062)</b> | <b>(106,127,038)</b> | <b>-</b> | <b>-</b> | <b>53,890,062</b> | <b>106,127,038</b> |
| State Employees Retirement Contributions - UAL | (5,987,785)         | (11,791,887)         | -        | -        | 5,987,785         | 11,791,887         |
| <b>Total - Special Transportation Fund</b>     | <b>(5,987,785)</b>  | <b>(11,791,887)</b>  | <b>-</b> | <b>-</b> | <b>5,987,785</b>  | <b>11,791,887</b>  |

#### Background

The state is currently in the process of phasing-in to a level-dollar method of making annual payments towards the State Employees Retirement System's unfunded liabilities. This phase-in, which was originally approved as part of the 2017 State Employees Bargaining Coalition (SEBAC) Agreement, will be complete in FY 23. The Governor's FY 22 and FY 23 Budget extends this phase-in from five to eight years to FY 26.

#### Governor

Reduce funding by \$53,890,062 in FY 22 and \$106,127,038 in FY 23 in the General Fund, and \$5,987,785 in FY 22 and \$11,791,887 in FY 23 in the Special Transportation Fund to reflect the extension of the SERS phase-in to a level dollar amortization.

#### Legislative

Do not reduce funding to extend the amortization phase-in for SERS.

### Reflect Volatility Cap Deposit

|  |          |                     |          |                     |          |                     |
|--|----------|---------------------|----------|---------------------|----------|---------------------|
| State Employees Retirement Contributions - UAL | -        | (23,725,000)        | -        | (63,776,260)        | -        | (40,051,260)        |
| <b>Total - General Fund</b>                    | <b>-</b> | <b>(23,725,000)</b> | <b>-</b> | <b>(63,776,260)</b> | <b>-</b> | <b>(40,051,260)</b> |
| State Employees Retirement Contributions - UAL | -        | (2,925,000)         | -        | (7,862,827)         | -        | (4,937,827)         |
| <b>Total - Special Transportation Fund</b>     | <b>-</b> | <b>(2,925,000)</b>  | <b>-</b> | <b>(7,862,827)</b>  | <b>-</b> | <b>(4,937,827)</b>  |

#### Background

Under current law, if the Budget Reserve Fund exceeds 15% of that fiscal year's budget, the additional amount is transferred to either the State Employees' Retirement System (SERS) or the Teachers' Retirement System. \$61.6 million was deposited into SERS at the beginning of FY 21 due to the cap being exceeded in FY 20. The Governor's FY 22 and FY 23 Budget assumes a \$427.8 million deposit into SERS at the beginning of FY 23.

#### Governor

Reduce funding by \$23,725,000 in FY 23 in the General Fund, and \$2,925,000 in FY 23 in the Special Transportation Fund to reflect savings to the SERS' actuarial determined employer contribution resulting from a volatility cap transfer of \$427.8 million.

#### Legislative

Reduce funding by \$63,776,260 in FY 23 in the General Fund, and \$7,862,827 in FY 23 in the Special Transportation Fund to reflect savings to the SERS actuarial determined employer contribution resulting from a volatility cap transfer of \$1.0 billion in FY 23.

### Adjust Funding for Net Impact of Position Changes

|  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Unemployment Compensation                  | 773,700          | -                | 773,700          | -                | -                | -                |
| Employers Social Security Tax              | 724,100          | 562,900          | 834,102          | 962,275          | 110,002          | 399,375          |
| State Employees Health Service Cost        | 1,069,100        | 537,400          | 1,559,745        | 2,352,800        | 490,645          | 1,815,400        |
| Other Post Employment Benefits             | 165,700          | 93,100           | 327,099          | 377,363          | 161,399          | 284,263          |
| SERS Defined Contribution Match            | 122,400          | 136,100          | 109,033          | 125,788          | (13,367)         | (10,312)         |
| <b>Total - General Fund</b>                | <b>2,855,000</b> | <b>1,329,500</b> | <b>3,603,679</b> | <b>3,818,226</b> | <b>748,679</b>   | <b>2,488,726</b> |
| Employers Social Security Tax              | 37,600           | 40,700           | -                | 35,501           | (37,600)         | (5,199)          |
| State Employees Health Service Cost        | 132,600          | 144,900          | -                | 121,100          | (132,600)        | (23,800)         |
| Other Post Employment Benefits             | 14,800           | 15,900           | -                | 13,922           | (14,800)         | (1,978)          |
| SERS Defined Contribution Match            | 4,900            | 5,300            | -                | 4,641            | (4,900)          | (659)            |
| <b>Total - Special Transportation Fund</b> | <b>189,900</b>   | <b>206,800</b>   | <b>-</b>         | <b>175,164</b>   | <b>(189,900)</b> | <b>(31,636)</b>  |

| Account | Governor Recommended |       | Legislative |       | Difference from Governor |       |
|---------|----------------------|-------|-------------|-------|--------------------------|-------|
|         | FY 22                | FY 23 | FY 22       | FY 23 | FY 22                    | FY 23 |

**Background**

The Governor's budget provides funding for 226 net positions in the General Fund and 7 net positions in the Special Transportation Fund. Certain fringe benefit costs that support the net growth in positions are centrally budgeted in the Office of the State Comptroller.

**Governor**

Provide funding of \$2,855,000 in FY 22 and \$1,329,500 in FY 23 in the General Fund, and \$189,900 in FY 22 and \$206,800 in FY 23 in the Special Transportation Fund to reflect the impact to fringe benefit costs associated with net position changes.

**Legislative**

Provide funding of \$3,603,679 in FY 22 and \$3,993,390 in FY 23 in the General Fund to support various fringe benefit costs associated with net position changes.

**Reduce Costs Related to Retiree Health Retirements**

|   |   |                     |   |                     |   |   |
|---|---|---------------------|---|---------------------|---|---|
| Retired State Employees Health Service Cost | - | (10,000,000)        | - | (10,000,000)        | - | - |
| <b>Total - General Fund</b>                 | - | <b>(10,000,000)</b> | - | <b>(10,000,000)</b> | - | - |

**Governor**

Reduce funding by \$10 million to reflect revised retirement projections by the Office of the State Comptroller.

**Legislative**

Same as Governor

**Current Services****Fund the Actuarially Determined Employer Contribution for the State Employees' Retirement System**

|  |                    |                    |                    |                    |   |   |
|--|--------------------|--------------------|--------------------|--------------------|---|---|
| State Employees Retirement Contributions - Normal Cost | 3,964,832          | 9,253,717          | 3,964,832          | 9,253,717          | - | - |
| State Employees Retirement Contributions - UAL         | 133,083,465        | 247,915,813        | 133,083,465        | 247,915,813        | - | - |
| <b>Total - General Fund</b>                            | <b>137,048,297</b> | <b>257,169,530</b> | <b>137,048,297</b> | <b>257,169,530</b> | - | - |
| State Employees Retirement Contributions - Normal Cost | 507,859            | 1,185,317          | 507,859            | 1,185,317          | - | - |
| State Employees Retirement Contributions - UAL         | 15,645,697         | 29,143,055         | 15,645,697         | 29,143,055         | - | - |
| <b>Total - Special Transportation Fund</b>             | <b>16,153,556</b>  | <b>30,328,372</b>  | <b>16,153,556</b>  | <b>30,328,372</b>  | - | - |

**Background**

The State Employees' Retirement System (SERS) is the state's defined benefit plan for approximately 47,662 active and 52,498 retired state employees and beneficiaries. SERS is currently funded using an actuarial reserve funding method, whereby the normal cost and past service liability are calculated in order to determine the state's annual actuarial determined employer contribution (ADEC)(CGS 5-156a). SERS is a collectively bargained benefit. The current agreement governing pension benefits is effective until 2027. The SERS ADEC is funded through three sources: a General Fund appropriation, Special Transportation Fund appropriation and recoveries from other funding sources, including other appropriated funds, federal funds and grant funds. As of the June 20, 2018 SERS valuation the state transitioned from biennial valuations to annual valuations for SERS.

**Governor**

Provide funding of \$137,048,297 in FY 22 and \$257,169,530 in FY 23 in the General Fund, and \$16,153,556 in FY 22 and \$30,328,372 in FY 23 in the Special Transportation Fund to fund the GF and STF portions of the SERS ADEC in the biennium.

**Legislative**

Same as Governor

| Account | Governor Recommended |       | Legislative |       | Difference from Governor |       |
|---------|----------------------|-------|-------------|-------|--------------------------|-------|
|         | FY 22                | FY 23 | FY 22       | FY 23 | FY 22                    | FY 23 |

### Fund the Actuarially Determined Employer Contribution for the Judges and Compensation Commissioners Retirement System

|  |                  |                  |                  |                  |          |          |
|--|------------------|------------------|------------------|------------------|----------|----------|
| Judges and Compensation Commissioners Retirement | 4,647,928        | 6,614,150        | 4,647,928        | 6,614,150        | -        | -        |
| <b>Total - General Fund</b>                      | <b>4,647,928</b> | <b>6,614,150</b> | <b>4,647,928</b> | <b>6,614,150</b> | <b>-</b> | <b>-</b> |

#### Background

The Judges, Family Support Magistrates, and Compensation Commissioners' Retirement System (JRS) is the state's defined benefit plan for 180 active and 304 retired Judges, Family Support Magistrates, Compensation Commissioners and beneficiaries. JRS is currently funded using an actuarial reserve funding method, whereby the normal cost and past service liability are calculated in order to determine the state's annual actuarial determined employer contribution (ADEC). As of the June 20, 2018 JRS valuation the state transitioned from biennial valuations to annual valuations for JRS.

#### Governor

Provide funding of \$4,647,928 in FY 22 and \$6,614,150 in FY 23 to fund the JRS ADEC in the biennium.

#### Legislative

Same as Governor

### Adjust Base for Pension and Health Care Savings Holdbacks and Anticipated Savings

|  |                      |                      |                      |                      |          |          |
|--|----------------------|----------------------|----------------------|----------------------|----------|----------|
| State Employees Health Service Cost            | (21,110,000)         | (21,110,000)         | (21,110,000)         | (21,110,000)         | -        | -        |
| Retired State Employees Health Service Cost    | (68,090,000)         | (68,090,000)         | (68,090,000)         | (68,090,000)         | -        | -        |
| State Employees Retirement Contributions - UAL | (80,168,314)         | (80,168,314)         | (80,168,314)         | (80,168,314)         | -        | -        |
| <b>Total - General Fund</b>                    | <b>(169,368,314)</b> | <b>(169,368,314)</b> | <b>(169,368,314)</b> | <b>(169,368,314)</b> | <b>-</b> | <b>-</b> |
| State Employees Retirement Contributions - UAL | (19,724,000)         | (19,724,000)         | (19,724,000)         | (19,724,000)         | -        | -        |
| <b>Total - Special Transportation Fund</b>     | <b>(19,724,000)</b>  | <b>(19,724,000)</b>  | <b>(19,724,000)</b>  | <b>(19,724,000)</b>  | <b>-</b> | <b>-</b> |

#### Background

Section 15 of PA 19-117 allocated \$256.2 million in FY 20 and FY 21 for pension and healthcare savings as a bottom-line lapse in the General fund (GF) and \$19.7 million in the Special Transportation Fund (STF). There is an estimated \$87 million deficiency across various accounts in the Office of the State Comptroller in FY 21.

#### Governor

Reduce funding by \$169,368,314 in FY 22 and FY 23 in the General Fund, and \$19,724,000 in FY 22 and FY 23 in the Special Transportation Fund to reflect the net impact of applying pension and healthcare holdbacks, adjusting for FY 21 deficiencies.

#### Legislative

Same as Governor

### Adjust Operating Expenses to Reflect Current Requirements

|  |                    |                    |                   |                    |                     |                     |
|--|--------------------|--------------------|-------------------|--------------------|---------------------|---------------------|
| Unemployment Compensation                      | 6,042,600          | 4,940,600          | 6,042,600         | 4,940,600          | -                   | -                   |
| Pensions and Retirements - Other Statutory     | 106,837            | 162,114            | 106,837           | 162,114            | -                   | -                   |
| Insurance - Group Life                         | 523,400            | 1,452,800          | 523,400           | 1,452,800          | -                   | -                   |
| Employers Social Security Tax                  | 9,309,879          | 9,529,879          | 9,309,879         | 7,529,879          | -                   | (2,000,000)         |
| State Employees Health Service Cost            | 40,371,573         | 83,093,796         | 40,244,093        | 47,361,793         | (127,480)           | (35,732,003)        |
| Retired State Employees Health Service Cost    | 73,162,000         | 184,025,000        | 25,569,000        | 185,418,000        | (47,593,000)        | 1,393,000           |
| Tuition Reimbursement - Training and Travel    | (3,393,500)        | (3,508,500)        | (3,393,500)       | (3,508,500)        | -                   | -                   |
| Other Post Employment Benefits                 | 951,361            | (1,148,639)        | 951,361           | (1,148,639)        | -                   | -                   |
| SERS Defined Contribution Match                | 5,974,732          | 12,898,832         | 5,974,732         | 12,898,832         | -                   | -                   |
| State Employees Retirement Contributions - UAL | -                  | -                  | 8,000,000         | -                  | 8,000,000           | -                   |
| <b>Total - General Fund</b>                    | <b>133,048,882</b> | <b>291,445,882</b> | <b>93,328,402</b> | <b>255,106,879</b> | <b>(39,720,480)</b> | <b>(36,339,003)</b> |
| Unemployment Compensation                      | 220,652            | 178,452            | 220,652           | 178,452            | -                   | -                   |

| Account                                    | Governor Recommended |                  | Legislative      |                  | Difference from Governor |       |
|--|----------------------|------------------|------------------|------------------|--------------------------|-------|
|  | FY 22                | FY 23            | FY 22            | FY 23            | FY 22                    | FY 23 |
| Insurance - Group Life                     | 37,600               | 70,400           | 37,600           | 70,400           | -                        | -     |
| Employers Social Security Tax              | 378,134              | 382,134          | 378,134          | 382,134          | -                        | -     |
| State Employees Health Service Cost        | 3,560,645            | 7,051,089        | 3,560,645        | 7,051,089        | -                        | -     |
| Other Post Employment Benefits             | 364,377              | 264,377          | 364,377          | 264,377          | -                        | -     |
| SERS Defined Contribution Match            | 234,421              | 676,321          | 234,421          | 676,321          | -                        | -     |
| <b>Total - Special Transportation Fund</b> | <b>4,795,829</b>     | <b>8,622,773</b> | <b>4,795,829</b> | <b>8,622,773</b> | -                        | -     |

**Governor**

Provide funding of \$133,048,882 in FY 22 and \$291,445,882 in FY 23 in the General Fund, and \$4,795,829 in FY 22 and \$8,622,773 in FY 23 in the Special Transportation Fund to reflect anticipated expenditure requirements.

**Legislative**

Provide funding of \$93,328,492 in FY 22 and \$255,106,879 in FY 23 in the General Fund, and \$4,795,829 in FY 22 and \$8,622,773 in FY 23 in the Special Transportation Fund to reflect anticipated expenditure requirements.

**Provide Funding for Wage and Compensation Related Increases**

|  |   |                   |   |                   |   |   |
|--|---|-------------------|---|-------------------|---|---|
| Higher Education Alternative Retirement System | - | 481,400           | - | 481,400           | - | - |
| Employers Social Security Tax                  | - | 8,759,174         | - | 8,759,174         | - | - |
| Other Post Employment Benefits                 | - | 3,200,000         | - | 3,200,000         | - | - |
| SERS Defined Contribution Match                | - | 621,300           | - | 621,300           | - | - |
| <b>Total - General Fund</b>                    | - | <b>13,061,874</b> | - | <b>13,061,874</b> | - | - |
| Employers Social Security Tax                  | - | 677,115           | - | 677,115           | - | - |
| Other Post Employment Benefits                 | - | 200,000           | - | 200,000           | - | - |
| SERS Defined Contribution Match                | - | 39,700            | - | 39,700            | - | - |
| <b>Total - Special Transportation Fund</b>     | - | <b>916,815</b>    | - | <b>916,815</b>    | - | - |

**Background**

The Governor's FY 22 and FY 23 Budget provides funding of \$135.9 million in FY 22 and \$383.9 million in FY 23, across six appropriated funds, to reflect current services wage-related adjustments such as an annual increment, cost of living adjustment (COLA), general wage increase, and the 27<sup>th</sup> payroll. Normally there are 26 pay periods in a fiscal year, however, every 11 years there is an additional pay period. The 27<sup>th</sup> payroll occurs again in FY 23.

**Governor**

Provide funding of \$13,061,874 in FY 23 in the General Fund, and \$916,815 in FY 23 in the Special Transportation Fund to reflect the fringe benefit costs associated with the 27<sup>th</sup> payroll in FY 23.

**Legislative**

Same as Governor

**Reflect Anticipated Savings Impact From Health Premiums**

|   |                     |   |                     |   |   |   |
|---|---------------------|---|---------------------|---|---|---|
| State Employees Health Service Cost         | (22,400,000)        | - | (22,400,000)        | - | - | - |
| Retired State Employees Health Service Cost | (8,000,000)         | - | (8,000,000)         | - | - | - |
| <b>Total - General Fund</b>                 | <b>(30,400,000)</b> | - | <b>(30,400,000)</b> | - | - | - |
| State Employees Health Service Cost         | (1,600,000)         | - | (1,600,000)         | - | - | - |
| <b>Total - Special Transportation Fund</b>  | <b>(1,600,000)</b>  | - | <b>(1,600,000)</b>  | - | - | - |

**Background**

Beginning October 1, 2020 the state health plan transitioned to being fully administered by Anthem Blue Cross Blue Shield. The state contributes to the health plan by sharing the cost of premiums with employees. For the current plan year, the average annual state contribution per eligible employee is approximately 27% of the average SERS employee salary. The state funds retiree health costs on a pay-as-you-go basis whereby it appropriates the full cost of providing benefits annually rather than on a prefunded basis.

**Governor**

Reduce funding by \$30,400,000 in FY 22 in the General Fund, and \$1,600,000 in FY 22 in the Special Transportation Fund to reflect changes in health care premium costs.

**Legislative**

Same as Governor

| Account | Governor Recommended |       | Legislative |       | Difference from Governor |       |
|---------|----------------------|-------|-------------|-------|--------------------------|-------|
|         | FY 22                | FY 23 | FY 22       | FY 23 | FY 22                    | FY 23 |

### Reduce Alternate Retirement Plan Funding Based on FY 20 Accounting Change

|  |                     |                     |                     |                     |          |          |
|--|---------------------|---------------------|---------------------|---------------------|----------|----------|
| Higher Education Alternative Retirement System | (12,000,000)        | (11,518,600)        | (12,000,000)        | (11,518,600)        | -        | -        |
| <b>Total - General Fund</b>                    | <b>(12,000,000)</b> | <b>(11,518,600)</b> | <b>(12,000,000)</b> | <b>(11,518,600)</b> | <b>-</b> | <b>-</b> |

#### Background

In FY 20, the state began gross appropriating the Alternate Retirement Plan (ARP) account, whereby all recoveries are deposited into the General Fund (GF) as revenue and the ARP GF appropriation reflects the state's contribution for those employees whose salaries are supported by the GF (including those employees funded out of the higher education block grants). Prior to this change, recoveries from other funding sources were deposited into the ARP GF appropriation as an expenditure offset.

#### Governor

Reduce funding by \$12,000,000 in FY 22 and \$11,518,600 in FY 23 to reflect the impact of gross appropriating ARP in the biennium.

#### Legislative

Same as Governor

### Reflect Anticipated Savings Associated with the Medicare Advantage Plan Extension

|   |                     |                     |                     |                     |          |          |
|---|---------------------|---------------------|---------------------|---------------------|----------|----------|
| Retired State Employees Health Service Cost | (56,329,000)        | (76,396,000)        | (56,329,000)        | (76,396,000)        | -        | -        |
| <b>Total - General Fund</b>                 | <b>(56,329,000)</b> | <b>(76,396,000)</b> | <b>(56,329,000)</b> | <b>(76,396,000)</b> | <b>-</b> | <b>-</b> |

#### Background

The Medicare Advantage Plan is the state retiree health plan for Medicare-eligible individuals aged 65 and older. The plan is a preferred provider organization (PPO) plan and is administered by UnitedHealthcare. The new plan began on January 1, 2018 and is designed to provide savings to the state by maximizing federal reimbursement for health services.

#### Governor

Reduce funding by \$56,329,000 in FY 22 and \$76,396,000 in FY 23 to reflect savings associated with the re-negotiation and extension of the state's Medicare Advantage Plan administered by UnitedHealthcare.

#### Legislative

Same as Governor

### Reflect Anticipated Savings Associated with the Allocation of Health Care Consulting Costs

|   |                    |                    |                    |                    |          |          |
|---|--------------------|--------------------|--------------------|--------------------|----------|----------|
| State Employees Health Service Cost         | (2,450,000)        | (2,450,000)        | (2,450,000)        | (2,450,000)        | -        | -        |
| Retired State Employees Health Service Cost | (2,450,000)        | (2,450,000)        | (2,450,000)        | (2,450,000)        | -        | -        |
| <b>Total - General Fund</b>                 | <b>(4,900,000)</b> | <b>(4,900,000)</b> | <b>(4,900,000)</b> | <b>(4,900,000)</b> | <b>-</b> | <b>-</b> |
| State Employees Health Service Cost         | (1,700,000)        | (1,700,000)        | (1,700,000)        | (1,700,000)        | -        | -        |
| <b>Total - Special Transportation Fund</b>  | <b>(1,700,000)</b> | <b>(1,700,000)</b> | <b>(1,700,000)</b> | <b>(1,700,000)</b> | <b>-</b> | <b>-</b> |

#### Governor

Reduce funding by \$4,900,000 in FY 22 and FY 23 in the General Fund, and \$1,700,000 in FY 22 and FY 23 in the Special Transportation Fund to reflect savings associated with healthcare consulting costs provided to the Office of the State Comptroller.

#### Legislative

Same as Governor

## Carry Forward

### Provide Funding to Reduce SERS Unfunded Liabilities

|   |          |          |                   |          |                   |          |
|---|----------|----------|-------------------|----------|-------------------|----------|
| State Employees' Retirement Fund                              | -        | -        | 21,000,000        | -        | 21,000,000        | -        |
| <b>Total - Carry Forward State Employees' Retirement Fund</b> | <b>-</b> | <b>-</b> | <b>21,000,000</b> | <b>-</b> | <b>21,000,000</b> | <b>-</b> |

| Account | Governor Recommended |       | Legislative |       | Difference from Governor |       |
|---------|----------------------|-------|-------------|-------|--------------------------|-------|
|         | FY 22                | FY 23 | FY 22       | FY 23 | FY 22                    | FY 23 |

**Legislative**

Section 29 of SA 21-15 carries forward FY 21 unexpended balances from various accounts and provides up to \$21 million in FY 22 to support an agreement to reduce pension liabilities in the State Employees Retirement System.

**Totals**

| Budget Components             | Governor Recommended |                      | Legislative          |                      | Difference from Governor |                   |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------------|-------------------|
|                               | FY 22                | FY 23                | FY 22                | FY 23                | FY 22                    | FY 23             |
| FY 21 Appropriation - GF      | 3,335,346,057        | 3,335,346,057        | 3,335,346,057        | 3,335,346,057        | -                        | -                 |
| Policy Revisions              | (51,035,062)         | (138,522,538)        | 3,603,679            | (69,958,034)         | 54,638,741               | 68,564,504        |
| Current Services              | 1,747,793            | 306,108,522          | (37,972,687)         | 269,769,519          | (39,720,480)             | (36,339,003)      |
| <b>Total Recommended - GF</b> | <b>3,286,058,788</b> | <b>3,502,932,041</b> | <b>3,300,977,049</b> | <b>3,535,157,542</b> | <b>14,918,261</b>        | <b>32,225,501</b> |
| FY 21 Appropriation - TF      | 253,846,933          | 253,846,933          | 253,846,933          | 253,846,933          | -                        | -                 |
| Policy Revisions              | (5,797,885)          | (14,510,087)         | -                    | (7,687,663)          | 5,797,885                | 6,822,424         |
| Current Services              | (2,074,615)          | 18,443,960           | (2,074,615)          | 18,443,960           | -                        | -                 |
| <b>Total Recommended - TF</b> | <b>245,974,433</b>   | <b>257,780,806</b>   | <b>251,772,318</b>   | <b>264,603,230</b>   | <b>5,797,885</b>         | <b>6,822,424</b>  |