

State Comptroller - Fringe Benefits OSC15200

Budget Summary

Account	Actual FY 16	Actual FY 17	Governor Estimated FY 18	Original Appropriation FY 19	Governor Revised FY 19	Legislative FY 19	Difference Leg-Gov FY 19
Other Current Expenses							
Unemployment Compensation	5,068,428	9,324,015	7,272,256	6,465,764	6,518,764	6,465,764	(53,000)
State Employees Retirement Contributions	1,096,800,201	1,124,661,963	1,051,288,149	1,324,658,878	1,154,873,978	1,165,586,416	10,712,438
Higher Education Alternative Retirement System	(34,354)	(4,481,076)	1,000	1,000	27,300,000	1,000	(27,299,000)
Pensions and Retirements - Other Statutory	1,602,498	1,588,430	1,606,796	1,657,248	1,657,248	1,657,248	-
Judges and Compensation Commissioners Retirement	18,258,707	19,163,487	25,457,910	27,427,480	27,427,480	27,427,480	-
Insurance - Group Life	7,754,314	7,700,785	7,991,900	8,235,900	8,237,400	8,270,468	33,068
Employers Social Security Tax	228,290,741	213,479,495	198,812,550	197,818,172	198,500,172	199,077,427	577,255
State Employees Health Service Cost	662,862,284	644,726,791	622,442,460	707,332,481	654,556,781	655,811,120	1,254,339
Retired State Employees Health Service Cost	645,975,176	706,466,675	717,699,000	844,099,000	709,099,000	687,599,000	(21,500,000)
Tuition Reimbursement - Training and Travel	2,961,860	1,508,278	115,000	-	-	-	-
Other Post Employment Benefits	-	-	91,200,000	91,200,000	91,200,000	91,200,000	-
Death Benefits For St Employ	16,200	16,200	-	-	-	-	-
Insurance Recovery	-	2,195	-	-	-	-	-
SERS Defined Contribution Match	-	-	-	-	1,101,700	-	(1,101,700)
Agency Total - General Fund	2,669,556,055	2,724,157,238	2,723,887,021	3,208,895,923	2,880,472,523	2,843,095,923	(37,376,600)
Unemployment Compensation	287,591	194,746	203,548	203,548	203,548	203,548	-
State Employees Retirement Contributions	122,166,623	129,227,978	116,442,942	144,980,942	126,280,942	126,280,942	-
Insurance - Group Life	268,204	270,550	273,357	277,357	277,357	277,357	-
Employers Social Security Tax	15,498,733	15,562,386	15,655,534	15,674,834	15,908,834	15,674,834	(234,000)
State Employees Health Service Cost	46,708,551	48,413,124	46,810,687	50,218,403	47,503,403	46,618,403	(885,000)
Other Post Employment Benefits	-	-	6,000,000	6,000,000	6,000,000	6,000,000	-
SERS Defined Contribution Match	-	-	-	-	120,200	-	(120,200)
Agency Total - Special Transportation Fund	184,929,702	193,668,784	185,386,068	217,355,084	196,294,284	195,055,084	(1,239,200)
Total - Appropriated Funds	2,854,485,757	2,917,826,022	2,909,273,089	3,426,251,007	3,076,766,807	3,038,151,007	(38,615,800)

Account	Governor Revised FY 19	Legislative FY 19	Difference from Governor
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Policy Revisions

Provide Fringe Benefit Subsidy to Community Colleges

State Employees Retirement Contributions	-	11,127,538	11,127,538
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Account	Governor Revised FY 19	Legislative FY 19	Difference from Governor
Insurance - Group Life	-	34,568	34,568
Employers Social Security Tax	-	1,259,255	1,259,255
State Employees Health Service Cost	-	3,778,639	3,778,639
Total - General Fund	-	16,200,000	16,200,000

Legislative

Provide \$16.2 million in General Fund support for the Community Technical College System to subsidize the cost of fringe benefits for non-General Fund supported employees at the institutions. Section 16 of PA 18-81, the budget bill, implements this policy.

Carryforward Retiree Health Funding

Retired State Employees Health Service Cost	-	(21,500,000)	(21,500,000)
Total - General Fund	-	(21,500,000)	(21,500,000)

Legislative

Reduce funding by \$21.5 million in the Retired State Employees Health Service Cost account to reflect the use of \$21.5 million in carry forward funding from FY 18 in FY 19. Section 49 of PA 18-81, the budget bill, is related to this change.

Gross Fund Higher Education Alternate Retirement Program

Higher Education Alternative Retirement System	27,299,000	-	(27,299,000)
Total - General Fund	27,299,000	-	(27,299,000)

Background

CGS 5-155a authorizes eligible unclassified employees of the constituent units of higher education to participate in an alternate retirement program (ARP), a defined contribution plan. Pursuant to the SEBAC 2017 Agreement the state's contribution is 7.25% of salary and employees contribute 5.75%. In FY 20, these contribution rates are modified by 1/4% to 7% and 6% respectively. For employees hired on or after July 31, 2017, the state contribution is 6.5% and the employee default contribution is 6.5%. The state's contribution is paid for from various funding sources and is based on where the employee's salary is charged. Currently, recoveries from other funding sources, predominately tuition funds of higher education institutions are deposited into the ARP appropriation within the General Fund (GF) for non-GF supported employees as an expenditure offset. In recent years the recoveries have exceeded GF expenditures. The Governor recommends gross appropriating the ARP account whereby all recoveries will be deposited into the GF as revenue and the GF appropriation will reflect 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).

Governor

Provide funding of \$27,299,000 in FY 19 to reflect gross appropriating the ARP account. There is a corresponding increase in GF revenue of \$35.5 million.

Legislative

Maintain the current accounting structure of the Higher Education Alternate Retirement System.

Rollout SEBAC Savings to Agencies

State Employees Retirement Contributions	(170,200,000)	(170,200,000)	-
State Employees Health Service Cost	(55,300,000)	(55,300,000)	-
Retired State Employees Health Service Cost	(135,000,000)	(135,000,000)	-
Total - General Fund	(360,500,000)	(360,500,000)	-
State Employees Retirement Contributions	(18,700,000)	(18,700,000)	-
State Employees Health Service Cost	(3,600,000)	(3,600,000)	-
Total - Special Transportation Fund	(22,300,000)	(22,300,000)	-

Background

The FY 18 - FY 19 biennial budget assumed various savings as a result of the 2017 SEBAC agreement, including savings associated with changes to the state employee and retiree health plan and the State Employees' Retirement System. The Governor's revised FY 19 budget allocates \$835.3 million in the General and Special Transportation Funds to various agencies to achieve savings.

Governor

Reduce the fringe benefit accounts by \$360.5 million in the General Fund and \$22.3 million in the Special Transportation in FY 19 to reflect this agency's portion of the SEBAC 2017 savings.

Account	Governor Revised FY 19	Legislative FY 19	Difference from Governor
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Legislative

Same as Governor

Provide Funding for Fringe Benefits for Additional Positions

Employers Social Security Tax	14,500	-	(14,500)
State Employees Health Service Cost	51,700	-	(51,700)
Total - General Fund	66,200	-	(66,200)

Governor

Provide funding of \$66,200 in the General Fund in FY 19 to reflect the addition of 3 positions.

Legislative

Do not provide funding for additional positions.

Adjust Fringe Benefits for the Transfer of Positions

State Employees Retirement Contributions	415,100	-	(415,100)
Insurance - Group Life	1,500	-	(1,500)
Employers Social Security Tax	56,100	-	(56,100)
State Employees Health Service Cost	159,300	-	(159,300)
Total - General Fund	632,000	-	(632,000)

Governor

Provide funding of \$632,000 in the General Fund in FY 19 to reflect the transfer of state personnel.

Legislative

Do not provide funding for the transfer of positions.

Current Services**Provide Funding for SERS Tier IV Employer Contribution**

SERS Defined Contribution Match	1,101,700	-	(1,101,700)
Total - General Fund	1,101,700	-	(1,101,700)
SERS Defined Contribution Match	120,200	-	(120,200)
Total - Special Transportation Fund	120,200	-	(120,200)

Background

The SEBAC 2017 Agreement established a new Tier IV within the State Employees' Retirement System (SERS), a hybrid defined contribution/ defined benefit tier, for employees hired on or after July 31, 2017. The state's contribution, as well as the employee's default contribution towards the defined contribution portion, is 1% of salary. The 1% contribution is not included as part of the state's actuarially determined employer contribution (ADEC) for SERS and therefore a new account is recommended to distinguish between the employer's contribution towards Tier IV employees' defined contribution accounts versus the General Fund's share of the SERS ADEC.

Governor

Provide funding of \$1,101,700 in the General Fund and \$120,200 in the Special Transportation Fund to reflect the state's contribution towards Tier IV employees' defined contribution accounts.

Legislative

Do not provide funding for the SERS Tier IV defined contribution employer match.

Account	Governor Revised FY 19	Legislative FY 19	Difference from Governor
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Adjust Fringe Benefits to Reflect Technical Adjustments

Unemployment Compensation	53,000	-	(53,000)
Employers Social Security Tax	611,400	-	(611,400)
State Employees Health Service Cost	2,313,300	-	(2,313,300)
Total - General Fund	2,977,700	-	(2,977,700)
Employers Social Security Tax	234,000	-	(234,000)
State Employees Health Service Cost	885,000	-	(885,000)
Total - Special Transportation Fund	1,119,000	-	(1,119,000)

Governor

Provide funding of \$2,977,700 in the General Fund and \$1,119,000 in the Special Transportation Fund in FY 19 to reflect the net impact of technical position changes.

Legislative

Do not provide funding for the net impact of technical position changes.

Totals

Budget Components	Governor Revised FY 19	Legislative FY 19	Difference from Governor
Original Appropriation - GF	3,208,895,923	3,208,895,923	-
Policy Revisions	(332,502,800)	(365,800,000)	(33,297,200)
Current Services	4,079,400	-	(4,079,400)
Total Recommended - GF	2,880,472,523	2,843,095,923	(37,376,600)
Original Appropriation - TF	217,355,084	217,355,084	-
Policy Revisions	(22,300,000)	(22,300,000)	-
Current Services	1,239,200	-	(1,239,200)
Total Recommended - TF	196,294,284	195,055,084	(1,239,200)