

Teachers' Retirement Board

TRB77500

Position Summary

Account	Actual FY 13	Governor Estimated FY 14	Original Appropriation FY 15	Governor Revised FY 15	Legislative FY 15	Difference Leg-Gov FY 15
Permanent Full-Time - GF	27	27	27	27	27	0

Budget Summary

Account	Actual FY 13	Governor Estimated FY 14	Original Appropriation FY 15	Governor Revised FY 15	Legislative FY 15	Difference Leg-Gov FY 15
Personal Services	1,402,236	1,628,071	1,707,570	1,707,570	1,695,911	(11,659)
Other Expenses	372,341	563,290	575,197	575,197	568,221	(6,976)
Equipment	0	1	1	1	1	0
Other Than Payments to Local Governments						
Retirement Contributions	787,536,000	948,540,000	984,110,000	984,110,000	984,110,000	0
Retirees Health Service Cost	10,658,788	16,912,000	21,214,000	14,714,000	14,714,000	0
Municipal Retiree Health Insurance Costs	5,223,857	5,447,370	5,447,370	5,447,370	5,447,370	0
Nonfunctional - Change to Accruals	0	14,038	10,466	9,627	8,996	(631)
Agency Total - General Fund	805,193,222	973,104,770	1,013,064,604	1,006,563,765	1,006,544,499	(19,266)

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Current Services

Reduce Funding Due to Decrease in Monthly Premium

Retirees Health Service Cost	0	(6,500,000)	0	(6,500,000)	0	0
Total - General Fund	0	(6,500,000)	0	(6,500,000)	0	0

Background

The Teachers' Retirement Board (TRB) sponsors a Medicare supplement health insurance program for retired members and eligible dependents. 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 of the basic plan. However, with corresponding implementing language the budget for FY 14 and FY 15 reduced the state's contribution from 33% to 25% and increased the TRB health fund share from 33% to 42%. The TRB health fund is funded through active teachers' 1.25% contributions.

Governor

Reduce funding by \$6.5 million to reflect updated premium costs for the TRB basic health plan (medical and pharmacy). Effective January 1, 2014, the total monthly premium equivalent rate for the TRB basic health plan decreased from \$350 to \$291. The TRB health plan benefit and the cost sharing arrangement remain the same.

Legislative

Same as Governor

Adjust Funding for Revised Estimated GAAP Requirements

Nonfunctional - Change to Accruals	0	(839)	0	(839)	0	0
Total - General Fund	0	(839)	0	(839)	0	0

Background

Each agency's budget includes a line item account called "Nonfunctional - Change to Accruals." This line item represents the estimate of the difference between an agency's cash-basis budget amount 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

Reduce funding by \$839 to reflect updated estimates of accruals to comply with GAAP. Across all appropriated funds, there is a net GAAP reduction of \$33.8 million.

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Legislative

Same as Governor

Policy Revisions**Distribute Lapses**

Personal Services	0	0	0	(11,659)	0	(11,659)
Other Expenses	0	0	0	(6,976)	0	(6,976)
Total - General Fund	0	0	0	(18,635)	0	(18,635)

Background

The Governor's Revised FY 15 budget included a bottom line General Lapse of \$14,243,700, a General Other Expenses Lapse of \$4,000,000, and a Statewide Hiring Reduction Lapse of \$6,796,754. These lapse amounts would have been determined and distributed to agencies by OPM at the beginning of FY 15.

Legislative

Reduce funding by \$9,224 to reflect distribution of the General Lapse, \$4,614 for the General Other Expense Lapse, and \$4,797 for the Statewide Hiring Reduction lapse.

Adjust Funding for GAAP

Nonfunctional - Change to Accruals	0	0	0	(631)	0	(631)
Total - General Fund	0	0	0	(631)	0	(631)

Legislative

Reduce funding by \$631 in FY 15 to reflect changes to GAAP accruals as a result of a policy change.

Totals

Budget Components	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$
Original Appropriation - GF	27	1,013,064,604	27	1,013,064,604	0	0
Current Services	0	(6,500,839)	0	(6,500,839)	0	0
Policy Revisions	0	0	0	(19,266)	0	(19,266)
Total Recommended - GF	27	1,006,563,765	27	1,006,544,499	0	(19,266)

Other Significant Legislation**PA 14-47, An Act Making Adjustments to State Expenditures and Revenues for the Fiscal Year Ending June 30, 2015**

Sections 30 and 31 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 15 appropriation levels will be reduced by the amounts shown in the table to achieve the lapses included in PA 14-47. This includes a General Lapse of \$8,132 and a Statewide Hiring Reduction Lapse of \$8,258. See the FY 15 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	1,695,911	(14,342)	1,681,569	0.85%
Other Expenses	568,221	(2,048)	566,173	0.36%