

Agency 124

**Department of Retirement Systems**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2007-09 Expenditure Authority</b>	267.7	450	52,590	53,040
<b>Supplemental Changes</b>				
Transfer Dependent Care Assistance Program to Health Care Authority #	(.4)		(74)	(74)
Expenditure Authority Adjustment			(133)	(133)
Online Recruiting Service			13	13
Pension Plan 1 COLA Funding			8	8
PEBB Rate Reduction			(505)	(505)
<b>Subtotal - Supplemental Changes</b>	<b>(0.4)</b>		<b>(691)</b>	<b>(691)</b>
<b>Total Proposed Budget</b>	<b>267.3</b>	<b>450</b>	<b>51,899</b>	<b>52,349</b>
Difference	(.4)		(691)	(691)
Percent Change	(0.1)%	0.0%	(1.3)%	(1.3)%

**SUPPLEMENTAL CHANGES**

**Transfer Dependent Care Assistance Program to Health Care Authority #**

Legislation has been proposed to transfer administration of the Dependent Care Assistance Program (DCAP) from the Department of Retirement Systems (DRS) to the Health Care Authority (HCA) effective January 1, 2009. The transfer would integrate administration of DCAP with the Flexible Spending Arrangement Program, currently administered by the HCA, to achieve administrative efficiencies, cost savings, and service improvements. (Dependent Care Administrative Account-State)

**Expenditure Authority Adjustment**

Expenditures are expected to be lower than the approved expenditure authority. This reduction aligns the expenditure authority with approved allotments. (Dependent Care Administrative Account-State)

**Online Recruiting Service**

To support the state's online recruitment tool (E-Recruiting), additional funds are provided for a one-time charge from the Department of Personnel. This will improve the ability of agencies to manage their recruitment and hiring processes as required by the Personnel System Reform Act of 2002.

**Pension Plan 1 COLA Funding**

Funding was provided in the 2007-09 budget for the additional employer contributions to retirement systems required by modifications to the eligibility criteria for the uniform COLA in the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) in Senate Bill 5175. This item moves that funding from the State Employee Compensation Adjustments agency into individual agency budgets. (General Fund-State, other funds)

## **GOVERNMENTAL OPERATIONS**

### **PEBB Rate Reduction**

The state contributes 88 percent of the total weighted average of the employee health care premium and also pays for the cost of dental, life and long-term disability insurance. Total Public Employees Benefit Board (PEBB) expenditures for the 2007-09 Biennium are anticipated to be lower than budgeted because (1) health plan costs for calendar year 2008 are lower than expected, which will benefit both the state and its employees; (2) the Uniform Medical Plan continues to perform better than projected; and (3) funding was removed from the PEBB administrative cost allocation for an information technology system replacement due to the restrictive nature of federal funding. The state employer contribution rate will be reduced from \$732 per month to \$575 per month. This one-time reduction will leave an unrestricted fund balance of \$19.2 million at the end of Fiscal Year 2009. (General Fund-State, various other funds).