

Operating Budget for Fiscal Year 2016

Submitted to the Governor's Office Budget Division
and the Legislative Budget Board



By the Employees Retirement System of Texas • December 1, 2015

ERS
EMPLOYEES RETIREMENT
SYSTEM OF TEXAS

CONTENTS

1.A. Certification of Dual Submission.....	1.A. Page 1
1.B. Cover and Title Sheet	1.B. Page 1
Budget Overview	
2.A. Summary of Budget by Strategy	2.A. Page 1
2.B. Summary of Budget by Method of Finance	2.B. Page 1
2.C. Summary of Budget by Object of Expense.....	2.C. Page 1
2.D. Summary of Objective Outcomes	2.D. Page 1
3.A. Strategy Level Detail	3.A. Page 1
4.B. Federal Funds Supporting Schedule.....	4.B. Page 1
4.F. Budgetary Impacts Related to Federal Health Care Reform Schedule.....	4.F. Page 1





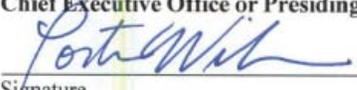
CERTIFICATE

Agency Name Employees Retirement System of Texas (327)

This is to certify that the information contained in the agency operating budget filed with the Legislative Budget Board (LBB) and the Governor's Office Budget Division is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Governor's Office will be notified in writing in accordance with House Bill 1, Article IX, Section 7.01, Eighty-fourth Legislature, Regular Session, 2015.

Chief Executive Office or Presiding Judge


Signature

Porter Wilson
Printed Name

Executive Director
Title

12/3/2015
Date

Board or Commission Chair

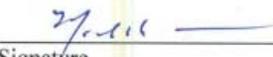

Signature

I. Craig Hester
Printed Name

Chair
Title

12/3/2015
Date

Chief Financial Officer


Signature

Machelle Pharr
Printed Name

Interim Chief Financial Officer
Title

12/3/2015
Date



Operating Budget

for Fiscal Year 2016

Submitted to the

Governor's Office Budget Division
and the Legislative Budget Board

by

the Employees Retirement System of Texas

December 1, 2015

Budget Overview
84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

327 Employees Retirement System
Appropriation Years: 2016-17

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Goal: 1. To Administer Comprehensive and Actuarially Sound Retirement Programs										
1.1.1. ERS - Retirement	277,176,118	422,186,024	20,048,174	27,950,398	78,632,060	111,069,992	81,169,723	64,779,607	457,026,075	625,986,021
1.1.2. LECOS Retirement Program	6,519,330	8,694,264	116,246	129,979	27,331	29,510	864,489		7,527,396	8,853,753
1.1.3. Judicial Retirement System - Plan 2	7,677,208	7,531,755					4,719,240	4,629,968	12,396,448	12,161,723
1.1.4. Judicial Retirement System - Plan 1	26,540,977	25,943,101							26,540,977	25,943,101
1.1.5. Public Safety Benefits	2,161,880	7,087,748	1,000,000	3,196,324					3,161,880	10,284,072
1.1.6. Retiree Death Benefits	9,285,762	9,770,000							9,285,762	9,770,000
Total, Goal	329,361,275	481,212,892	21,164,420	31,276,701	78,659,391	111,099,502	86,753,452	69,409,575	515,938,538	692,998,670
Goal: 2. Provide Employees & Retirees with Quality Health Program										
2.1.1. GBP - General State Employees	987,133,610	1,178,667,470	57,704,217	71,587,656	292,451,406	294,762,778	252,937,569	205,694,137	1,590,226,802	1,750,712,041
Total, Goal	987,133,610	1,178,667,470	57,704,217	71,587,656	292,451,406	294,762,778	252,937,569	205,694,137	1,590,226,802	1,750,712,041
Total, Agency	1,316,494,885	1,659,880,362	78,868,637	102,864,357	371,110,797	405,862,280	339,691,021	275,103,712	2,106,165,340	2,443,710,711
Total FTEs									347.4	356.0

2.A. Summary of Budget By Strategy

DATE : 11/25/2015

TIME : 6:24:11PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

Goal/Objective/STRATEGY	EXP 2014	EXP 2015	BUD 2016
1 To Administer Comprehensive and Actuarially Sound Retirement Programs			
1 Ensure Actuarially Sound Retirement Programs			
1 ERS - RETIREMENT	\$442,208,251	\$457,026,075	\$625,986,021
2 LECOS RETIREMENT PROGRAM	\$7,467,515	\$7,527,396	\$8,853,753
3 JUDICIAL RETIREMENT SYSTEM - PLAN 2	\$12,261,775	\$12,396,448	\$12,161,723
4 JUDICIAL RETIREMENT SYSTEM - PLAN 1	\$27,715,232	\$26,540,977	\$25,943,101
5 PUBLIC SAFETY BENEFITS	\$7,362,932	\$3,161,880	\$10,284,072
6 RETIREE DEATH BENEFITS	\$8,854,762	\$9,285,762	\$9,770,000
TOTAL, GOAL 1	\$505,870,467	\$515,938,538	\$692,998,670
2 Provide Employees & Retirees with Quality Health Program			
1 Manage GBP for State & Higher Education Employees			
1 GBP - GENERAL STATE EMPLOYEES	\$1,458,394,575	\$1,590,226,802	\$1,750,712,041
2 POST RETIREMENT HEALTH BENEFITS	\$0	\$0	\$0
TOTAL, GOAL 2	\$1,458,394,575	\$1,590,226,802	\$1,750,712,041

2.A. Summary of Budget By Strategy

DATE : 11/25/2015

TIME : 6:24:11PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

Goal/Objective/STRATEGY	EXP 2014	EXP 2015	BUD 2016
General Revenue Funds:			
1 General Revenue Fund	\$1,225,615,340	\$1,316,494,885	\$1,659,880,362
	\$1,225,615,340	\$1,316,494,885	\$1,659,880,362
General Revenue Dedicated Funds:			
994 GR Dedicated Accounts	\$73,633,693	\$78,868,637	\$102,864,357
	\$73,633,693	\$78,868,637	\$102,864,357
Federal Funds:			
555 Federal Funds	\$351,465,230	\$371,110,797	\$405,862,280
	\$351,465,230	\$371,110,797	\$405,862,280
Other Funds:			
6 State Highway Fund	\$300,015,369	\$325,467,110	\$256,665,687
573 Judicial Fund	\$4,667,971	\$4,719,240	\$4,629,968
998 Other Special State Funds	\$8,867,439	\$9,504,671	\$13,808,057
	\$313,550,779	\$339,691,021	\$275,103,712
TOTAL, METHOD OF FINANCING	\$1,964,265,042	\$2,106,165,340	\$2,443,710,711
FULL TIME EQUIVALENT POSITIONS	329.4	347.4	356.0

2.B. Summary of Budget By Method of Finance
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:24:46PM**

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
<u>GENERAL REVENUE</u>			
<u>1</u> General Revenue Fund			
<i>REGULAR APPROPRIATIONS</i>			
Regular Appropriations from MOF Table (2014-15 GAA)	\$1,194,641,620	\$1,318,609,742	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$1,627,641,925
Estimated Appropriation (2014-2015)	\$3,153,267	\$2,848,589	\$0
<i>RIDER APPROPRIATION</i>			
Art IV, Spec Provisions, Sec 11, Judicial Compensation, (2014-15 GAA)	\$3,801,602	\$3,801,602	\$0
Art IX, Sec 17.12 Additional Appropriation for Employee Benefits (2014-15 GAA)	\$15,108,414	\$16,314,087	\$0
SB 1, 83rd Leg, Regular Session Art I Rider 4b, (2014-2015 GAA)	\$34,369,027	\$0	\$0
Art IX, Sec 18.04, Additional Appropriation for Employee Benefits (2016-17 GAA)	\$0	\$0	\$7,961,704
Art IX, Sec 18.11, Contingency for HB 9 (2016-2017 GAA)	\$0	\$0	\$10,691,208
Art IX, Sec 18.69, Contingency for HB 1278 (2016-2014 GAA)	\$0	\$0	\$3,312,221
<i>TRANSFERS</i>			
Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)	\$4,012,066	\$8,186,668	\$0
Art IX, Sec 17.07 Salary Increases for State Employees in Salary Schedule C (2014-15 GAA)	\$165,100	\$337,811	\$0
Art IX, Sec 18.02, Salary Increase for General State Employees (2016-17)	\$0	\$0	\$11,029,859
Art IX, Sec 17.05, Salary Increases for State Employees in Salary Schedule C (2016-17)	\$0	\$0	\$38,375

2.B. Summary of Budget By Method of Finance
84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
TIME: **6:24:46PM**

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
<i>LAPSED APPROPRIATIONS</i>			
Retirement Contributions	\$ (2,569,757)	\$0	\$0
Law Enforcement and Custodial Officer Supplemental Retirement Fund	\$ (410,920)	\$ (476,889)	\$0
Judicial Retirement System Plan - 1	\$ (1,964,468)	\$ (3,138,723)	\$ (794,930)
Public Safety Benefits	\$0	\$ (1,613,647)	\$0
Group Insurance	\$ (24,690,611)	\$ (28,374,355)	\$0
TOTAL, General Revenue Fund	\$1,225,615,340	\$1,316,494,885	\$1,659,880,362
TOTAL, ALL GENERAL REVENUE	\$1,225,615,340	\$1,316,494,885	\$1,659,880,362

GENERAL REVENUE FUND - DEDICATED

994 General Revenue Dedicated Accounts

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2014-15 GAA)	\$71,411,911	\$79,074,827	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$99,677,671
Estimated Appropriation Revision	\$0	\$82,697	\$0

RIDER APPROPRIATION

Art IX, Sec 17.12 Additional Appropriation for Employee Benefits (2014-15 GAA)	\$980,197	\$1,033,862	\$0
SB 1, 83rd Leg, Regular Session Art I Rider 4b, (2014-2015 GAA)	\$2,482,727	\$0	\$0
Art IX, Sec 18.04, Additional Appropriation for Employee Benefits (2016-17 GAA)	\$0	\$0	\$177,659
Art IX, Sec 18.11, Contingency for HB 9 (2016-2017 GAA)	\$0	\$0	\$728,691
Art IX, Sec 18.69, Contingency for HB 1278 (2016-2014 GAA)	\$0	\$0	\$1,500,000

2.B. Summary of Budget By Method of Finance
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:24:46PM**

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
<i>TRANSFERS</i>			
Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)	\$243,673	\$590,623	\$0
Art IX, Sec 17.07 Salary Increases for State Employees in Salary Schedule C (2014-15 GAA)	\$220,014	\$450,116	\$0
Art IX, Sec 17.05, Salary Increases for State Employees in Salary Schedule C (2016-17)	\$0	\$0	\$18,987
Art IX, Sec 18.02, Salary Increase for General State Employees (2016-17)	\$0	\$0	\$761,349
<i>LAPSED APPROPRIATIONS</i>			
Retirement Contributions	\$(185,190)	\$0	\$0
Law Enforcement and Custodial Officer Supplemental Retirement Fund	\$(6,482)	\$(8,503)	\$0
Group Insurance	\$(1,441,833)	\$(1,658,661)	\$0
Public Safety Benefits	\$(71,324)	\$(696,324)	\$0
TOTAL, General Revenue Dedicated Accounts	\$73,633,693	\$78,868,637	\$102,864,357
TOTAL, ALL GENERAL REVENUE FUND - DEDICATED	\$73,633,693	\$78,868,637	\$102,864,357

FEDERAL FUNDS

555 Federal Funds

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2014-15 GAA)	\$344,738,440	\$373,128,625	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$398,674,344
Estimated Appropriation Revision	\$0	\$324,350	\$0

2.B. Summary of Budget By Method of Finance
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:24:46PM**

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
<i>RIDER APPROPRIATION</i>			
Art IX, Sec 17.12 Additional Appropriation for Employee Benefits (2014-15 GAA)	\$3,229,110	\$3,929,955	\$0
SB 1, 83rd Leg, Regular Session Art I Rider 4b, (2014-2015 GAA)	\$10,385,427	\$0	\$0
Art IX, Sec 18.11, Contingency for HB 9 (2016-2017 GAA)	\$0	\$0	\$2,883,119
Art IX, Sec 18.04, Additional Appropriation for Employee Benefits (2016-17 GAA)	\$0	\$0	\$1,834,611
<i>TRANSFERS</i>			
Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)	\$1,299,384	\$2,136,144	\$0
Art IX, Sec 17.05, Salary Increases for State Employees in Salary Schedule C (2016-17)	\$0	\$0	\$2,468,011
Art IX, Sec 17.05, Salary Increases for State Employees in Salary Schedule C (2016-17)	\$0	\$0	\$2,195
<i>LAPSED APPROPRIATIONS</i>			
Retirement Contributions	\$(777,348)	\$0	\$0
Law Enforcement and Custodial Officer Supplemental Retirement Fund	\$(1,725)	\$(1,999)	\$0
Group Insurance	\$(7,408,058)	\$(8,406,278)	\$0
TOTAL, Federal Funds	\$351,465,230	\$371,110,797	\$405,862,280
TOTAL, ALL FEDERAL FUNDS	\$351,465,230	\$371,110,797	\$405,862,280

OTHER FUNDS

6 State Highway Fund No. 006

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2014-15 GAA)	\$294,702,921	\$326,518,937	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$253,650,603
Estimated Appropriation Revision	\$0	\$320,970	\$0

2.B. Summary of Budget By Method of Finance
84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
TIME: **6:24:46PM**

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
<i>RIDER APPROPRIATION</i>			
Art IX, Sec 18.11, Contingency for HB 9 (2016-2017 GAA)	\$0	\$0	\$1,558,396
SB 1, 83rd Leg, Regular Session Art I Rider 4b, (2014-2015 GAA)	\$9,571,281	\$0	\$0
<i>TRANSFERS</i>			
Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)	\$878,376	\$2,129,038	\$0
Art IX, Sec 17.07 Salary Increases for State Employees in Salary Schedule C (2014-15 GAA)	\$1,786,485	\$3,655,173	\$0
Art IX, Sec 18.02, Salary Increase for General State Employees (2016-17)	\$0	\$0	\$1,456,688
<i>LAPSED APPROPRIATIONS</i>			
Retirement Contributions	\$(713,352)	\$0	\$0
Law Enforcement and Custodial Officer Supplemental Retirement Fund	\$(47,617)	\$(63,237)	\$0
Group Insurance	\$0	\$0	\$0
TOTAL, State Highway Fund No. 006	\$300,015,369	\$325,467,110	\$256,665,687
573 Judicial Fund No. 573			
<i>REGULAR APPROPRIATIONS</i>			
Regular Appropriations from MOF Table (2014-15 GAA)	\$4,231,171	\$4,231,171	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$4,629,968
Estimated Appropriation Revision	\$436,800	\$488,069	\$0
TOTAL, Judicial Fund No. 573	\$4,667,971	\$4,719,240	\$4,629,968

2.B. Summary of Budget By Method of Finance
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:24:46PM**

Agency code: **327** Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
998 Other Special State Funds			
<i>REGULAR APPROPRIATIONS</i>			
Regular Appropriations from MOF Table (2014-15 GAA)	\$8,586,251	\$9,549,745	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$13,462,712
Estimated Appropriation Revision	\$0	\$13,847	\$0
<i>RIDER APPROPRIATION</i>			
SB 1, 83rd Leg, Regular Session Art I Rider 4b, (2014-2015 GAA)	\$417,891	\$0	\$0
Art IX, Sec 18.04, Additional Appropriation for Employee Benefits (2016-17 GAA)	\$0	\$0	\$69,620
Art IX, Sec 18.11, Contingency for HB 9 (2016-2017 GAA)	\$0	\$0	\$138,586
<i>TRANSFERS</i>			
Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)	\$48,598	\$117,793	\$0
Art IX, Sec 18.02, Salary Increase for General State Employees (2016-17)	\$0	\$0	\$137,139
<i>LAPSED APPROPRIATIONS</i>			
Retirement Contributions	\$(31,244)	\$0	\$0
Group Insurance	\$(154,057)	\$(176,714)	\$0
TOTAL, Other Special State Funds	\$8,867,439	\$9,504,671	\$13,808,057
TOTAL, ALL OTHER FUNDS	\$313,550,779	\$339,691,021	\$275,103,712
GRAND TOTAL	\$1,964,265,042	\$2,106,165,340	\$2,443,710,711

2.B. Summary of Budget By Method of Finance
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:24:46PM**

Agency code: **327**

Agency name: **Employees Retirement System**

METHOD OF FINANCING	Exp 2014	Exp 2015	Bud 2016
FULL-TIME-EQUIVALENT POSITIONS			
REGULAR APPROPRIATIONS			
Regular Appropriations from MOF Table (2014-15 GAA)	329.4	347.4	0.0
Regular Appropriations from MOF Table (2016-17 GAA)	0.0	0.0	356.0
TOTAL, ADJUSTED FTES	329.4	347.4	356.0

NUMBER OF 100% FEDERALLY FUNDED FTES

2.C. Summary of Budget By Object of Expense
84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 11/25/2015
TIME: 6:25:23PM

Agency code: 327

Agency name: Employees Retirement System

OBJECT OF EXPENSE	EXP 2014	EXP 2015	BUD 2016
1002 OTHER PERSONNEL COSTS	\$489,652,773	\$503,490,896	\$672,944,598
2009 OTHER OPERATING EXPENSE	\$1,458,394,575	\$1,590,226,802	\$1,750,712,041
3001 CLIENT SERVICES	\$16,217,694	\$12,447,642	\$20,054,072
Agency Total	\$1,964,265,042	\$2,106,165,340	\$2,443,710,711

2.D. Summary of Budget By Objective Outcomes
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 11/25/2015

Time: 6:25:56PM

Agency code: 327

Agency name: **Employees Retirement System**

Goal/ Objective / OUTCOME	Exp 2014	Exp 2015	Bud2016
1 To Administer Comprehensive and Actuarially Sound Retirement Programs			
<i>1 Ensure Actuarially Sound Retirement Programs</i>			
KEY 1 % of ERS Retirees Expressing Satisfaction with Member Benefit Services	97.10 %	96.70 %	97.00 %
2 # of Years to Amortize the ERS Unfunded Actuarial Accrued Liability	999,999,999.00	999,999,999.00	33.00
3 # Years to Amortize the LECOS Unfunded Actuarial Accrued Liability	999,999,999.00	999,999,999.00	999,999,999.00
4 # of Years to Amortize the JRS-2 Unfunded Actuarial Accrued Liability	999,999,999.00	999,999,999.00	999,999,999.00
5 ERS Time-weighted Rate of Return (5 Year Rolling Basis)	10.41 %	9.10 %	8.00 %
6 ERS Annual Operating Expense Per Member	61.85	63.57	62.00
KEY 7 Investment Expense as Basis Points of Net Position	13.70	13.58	17.00
8 Percent of Time the ERS On-line System is Available to Customers	96.02	95.81	95.00
2 Provide Employees & Retirees with Quality Health Program			
<i>1 Manage GBP for State & Higher Education Employees</i>			
KEY 1 Percent of HealthSelect Participants Satisfied with Network Services	87.10 %	86.20 %	85.50 %

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 1 Provide an Actuarially Sound Level of Funding As Defined by State Law

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Output Measures:				
1	Number of ERS Retirees Added to Annuity Payroll	6,131.00	5,841.00	6,069.00
KEY 2	Number of ERS Accounts Maintained	232,569.00	238,190.00	242,555.00
Explanatory/Input Measures:				
1	Number of ERS Annuitants	93,144.00	97,170.00	103,486.00
Objects of Expense:				
1002	OTHER PERSONNEL COSTS	\$442,208,251	\$457,026,075	\$625,986,021
TOTAL, OBJECT OF EXPENSE		\$442,208,251	\$457,026,075	\$625,986,021
Method of Financing:				
1	General Revenue Fund	\$265,699,523	\$277,176,118	\$422,186,024
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$265,699,523	\$277,176,118	\$422,186,024
Method of Financing:				
994	GR Dedicated Accounts	\$19,147,719	\$20,048,174	\$27,950,398
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$19,147,719	\$20,048,174	\$27,950,398
Method of Financing:				
555	Federal Funds			
00.327.001	ERS Retirement	\$80,373,699	\$78,632,060	\$111,069,992
CFDA Subtotal, Fund	555	\$80,373,699	\$78,632,060	\$111,069,992
SUBTOTAL, MOF (FEDERAL FUNDS)		\$80,373,699	\$78,632,060	\$111,069,992

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **327** Agency name: **Employees Retirement System**

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 1 Provide an Actuarially Sound Level of Funding As Defined by State Law

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Method of Financing:				
6	State Highway Fund	\$73,756,870	\$77,812,858	\$59,458,214
998	Other Special State Funds	\$3,230,440	\$3,356,865	\$5,321,393
SUBTOTAL, MOF (OTHER FUNDS)		\$76,987,310	\$81,169,723	\$64,779,607
TOTAL, METHOD OF FINANCE :		\$442,208,251	\$457,026,075	\$625,986,021
FULL TIME EQUIVALENT POSITIONS:		329.4	347.4	356.0

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 2 LECOS Retirement Program

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Output Measures:				
1	Number of LECOS Retirees Added to Annuity Payroll	1,087.00	972.00	1,024.00
2	Number of LECOS Accounts Maintained	55,320.00	56,303.00	57,000.00
Explanatory/Input Measures:				
1	Number of LECOS Annuitants	10,363.00	11,238.00	12,000.00
Objects of Expense:				
1002	OTHER PERSONNEL COSTS	\$7,467,515	\$7,527,396	\$8,853,753
TOTAL, OBJECT OF EXPENSE		\$7,467,515	\$7,527,396	\$8,853,753
Method of Financing:				
1	General Revenue Fund	\$6,574,368	\$6,519,330	\$8,694,264
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$6,574,368	\$6,519,330	\$8,694,264
Method of Financing:				
994	GR Dedicated Accounts	\$103,704	\$116,246	\$129,979
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$103,704	\$116,246	\$129,979
Method of Financing:				
555	Federal Funds			
00.327.003	LECOS Retirement	\$27,605	\$27,331	\$29,510
CFDA Subtotal, Fund	555	\$27,605	\$27,331	\$29,510
SUBTOTAL, MOF (FEDERAL FUNDS)		\$27,605	\$27,331	\$29,510

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **327** Agency name: **Employees Retirement System**

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 2 LECOS Retirement Program

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
------	-------------	----------	----------	----------

Method of Financing:

6 State Highway Fund

\$761,838

\$864,489

\$0

SUBTOTAL, MOF (OTHER FUNDS)

\$761,838

\$864,489

\$0

TOTAL, METHOD OF FINANCE :

\$7,467,515

\$7,527,396

\$8,853,753

FULL TIME EQUIVALENT POSITIONS:

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 3 Maintain Retirement Program for State Judicial Officers

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
------	-------------	----------	----------	----------

Output Measures:

1	Number of JRS-2 Retirees Added to Annuity Payroll	14.00	58.00	18.00
2	Number of JRS-2 Accounts Maintained	733.00	736.00	748.00

Explanatory/Input Measures:

1	Number of JRS-2 Annuitants	273.00	334.00	352.00
---	----------------------------	--------	--------	--------

Objects of Expense:

1002	OTHER PERSONNEL COSTS	\$12,261,775	\$12,396,448	\$12,161,723
------	-----------------------	--------------	--------------	--------------

TOTAL, OBJECT OF EXPENSE **\$12,261,775** **\$12,396,448** **\$12,161,723**

Method of Financing:

1	General Revenue Fund	\$7,593,804	\$7,677,208	\$7,531,755
---	----------------------	-------------	-------------	-------------

SUBTOTAL, MOF (GENERAL REVENUE FUNDS) **\$7,593,804** **\$7,677,208** **\$7,531,755**

Method of Financing:

573	Judicial Fund	\$4,667,971	\$4,719,240	\$4,629,968
-----	---------------	-------------	-------------	-------------

SUBTOTAL, MOF (OTHER FUNDS) **\$4,667,971** **\$4,719,240** **\$4,629,968**

TOTAL, METHOD OF FINANCE : **\$12,261,775** **\$12,396,448** **\$12,161,723**

FULL TIME EQUIVALENT POSITIONS:

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **327** Agency name: **Employees Retirement System**

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 4 Provide for the Payment of JRS-1 Benefits as Required by Law

Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Output Measures:				
1	Number of JRS-1 Retirees Added to Annuity Payroll	3.00	2.00	4.00
2	Number of JRS-1 Accounts Maintained	21.00	14.00	9.00
Explanatory/Input Measures:				
1	Number of JRS-1 Annuitants	417.00	402.00	391.00
Objects of Expense:				
1002	OTHER PERSONNEL COSTS	\$27,715,232	\$26,540,977	\$25,943,101
TOTAL, OBJECT OF EXPENSE		\$27,715,232	\$26,540,977	\$25,943,101
Method of Financing:				
1	General Revenue Fund	\$27,715,232	\$26,540,977	\$25,943,101
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$27,715,232	\$26,540,977	\$25,943,101
TOTAL, METHOD OF FINANCE :		\$27,715,232	\$26,540,977	\$25,943,101
FULL TIME EQUIVALENT POSITIONS:				

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 5 Provide Death Benefits to Beneficiaries of Public Safety Workers

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
------	-------------	----------	----------	----------

Output Measures:

1	Number of Death Benefit Claims Processed	30.00	11.00	26.00
2	Number of Beneficiaries Receiving Benefits	132.00	135.00	141.00

Objects of Expense:

3001	CLIENT SERVICES	\$7,362,932	\$3,161,880	\$10,284,072
------	-----------------	-------------	-------------	--------------

TOTAL, OBJECT OF EXPENSE		\$7,362,932	\$3,161,880	\$10,284,072
---------------------------------	--	--------------------	--------------------	---------------------

Method of Financing:

1	General Revenue Fund	\$5,737,932	\$2,161,880	\$7,087,748
---	----------------------	-------------	-------------	-------------

SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$5,737,932	\$2,161,880	\$7,087,748
--	--	--------------------	--------------------	--------------------

Method of Financing:

994	GR Dedicated Accounts	\$1,625,000	\$1,000,000	\$3,196,324
-----	-----------------------	-------------	-------------	-------------

SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$1,625,000	\$1,000,000	\$3,196,324
--	--	--------------------	--------------------	--------------------

TOTAL, METHOD OF FINANCE :		\$7,362,932	\$3,161,880	\$10,284,072
-----------------------------------	--	--------------------	--------------------	---------------------

FULL TIME EQUIVALENT POSITIONS:

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 1 To Administer Comprehensive and Actuarially Sound Retirement Programs

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Ensure Actuarially Sound Retirement Programs

Service Categories:

STRATEGY: 6 Provide Lump-sum Retiree Death Benefits. Estimated.

Service: 06 Income: A.2 Age: B.2

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Output Measures:				
1	Number of Retiree Death Benefits Paid	2,275.00	2,400.00	2,550.00
Efficiency Measures:				
1	Average Number of Days to Process Retiree Death Benefits	3.17	3.16	7.00
Objects of Expense:				
3001	CLIENT SERVICES	\$8,854,762	\$9,285,762	\$9,770,000
TOTAL, OBJECT OF EXPENSE		\$8,854,762	\$9,285,762	\$9,770,000
Method of Financing:				
1	General Revenue Fund	\$8,854,762	\$9,285,762	\$9,770,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$8,854,762	\$9,285,762	\$9,770,000
TOTAL, METHOD OF FINANCE :		\$8,854,762	\$9,285,762	\$9,770,000
FULL TIME EQUIVALENT POSITIONS:				

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 2 Provide Employees & Retirees with Quality Health Program

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Manage GBP for State & Higher Education Employees

Service Categories:

STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Output Measures:				
1	In-Network Services as a Percentage of Total Services	89.34 %	89.29 %	91.75 %
2	Mental Health/Substance Abuse Costs as % of Total HealthSelect Costs	1.84 %	1.85 %	1.90 %
3	Prescription Drug Program Costs as Percent of Total HealthSelect Costs	19.51 %	20.96 %	22.00 %
Efficiency Measures:				
KEY 1	Percent of Medical Claims Processed within Thirty Days	99.76 %	99.83 %	99.00 %
2	Percent of All Electronic Pharmacy Claims Paid Within 21 Days	100.00 %	100.00 %	100.00 %
KEY 3	Total Cost Paid Per HealthSelect Member for Admin & Claims Processing	17.78	17.78	17.78
4	Total Cost Paid/HealthSelect Member/ Pharmacy Admin & Claims Process	2.33	2.42	2.36
Explanatory/Input Measures:				
1	# Employees, Retirees & Dependents Covered by GBP Health Care Plans	518,039.00	523,327.00	523,327.00
2	Percent of Participants in HMOs	4.76 %	4.58 %	4.60 %
Objects of Expense:				
2009	OTHER OPERATING EXPENSE	\$1,458,394,575	\$1,590,226,802	\$1,750,712,041
TOTAL, OBJECT OF EXPENSE		\$1,458,394,575	\$1,590,226,802	\$1,750,712,041
Method of Financing:				
1	General Revenue Fund	\$903,439,719	\$987,133,610	\$1,178,667,470
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$903,439,719	\$987,133,610	\$1,178,667,470
Method of Financing:				
994	GR Dedicated Accounts	\$52,757,270	\$57,704,217	\$71,587,656
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$52,757,270	\$57,704,217	\$71,587,656

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 327 Agency name: Employees Retirement System

GOAL: 2 Provide Employees & Retirees with Quality Health Program

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Manage GBP for State & Higher Education Employees

Service Categories:

STRATEGY: 1 Provide Basic Insurance Program to General State Employees. Estimated

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
------	-------------	----------	----------	----------

Method of Financing:

555 Federal Funds

00.327.002 ERS Insurance	\$271,063,926	\$292,451,406	\$294,762,778
--------------------------	---------------	---------------	---------------

CFDA Subtotal, Fund 555	\$271,063,926	\$292,451,406	\$294,762,778
-------------------------	---------------	---------------	---------------

SUBTOTAL, MOF (FEDERAL FUNDS)	\$271,063,926	\$292,451,406	\$294,762,778
--------------------------------------	----------------------	----------------------	----------------------

Method of Financing:

6 State Highway Fund

\$225,496,661	\$246,789,763	\$197,207,473
---------------	---------------	---------------

998 Other Special State Funds

\$5,636,999	\$6,147,806	\$8,486,664
-------------	-------------	-------------

SUBTOTAL, MOF (OTHER FUNDS)	\$231,133,660	\$252,937,569	\$205,694,137
------------------------------------	----------------------	----------------------	----------------------

TOTAL, METHOD OF FINANCE :	\$1,458,394,575	\$1,590,226,802	\$1,750,712,041
-----------------------------------	------------------------	------------------------	------------------------

FULL TIME EQUIVALENT POSITIONS:

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **327** Agency name: **Employees Retirement System**

GOAL: 2 Provide Employees & Retirees with Quality Health Program

Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Manage GBP for State & Higher Education Employees

Service Categories:

STRATEGY: 2 Provide Supplement to Post Retirement Health Benefits. Estimated

Service: 06 Income: A.1 Age: B.3

CODE	DESCRIPTION	EXP 2014	EXP 2015	BUD 2016
Objects of Expense:				
2009	OTHER OPERATING EXPENSE	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$0	\$0	\$0
Method of Financing:				
1	General Revenue Fund	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0
TOTAL, METHOD OF FINANCE :		\$0	\$0	\$0
FULL TIME EQUIVALENT POSITIONS:				

3.A. Strategy Level Detail

DATE: 11/25/2015

TIME: 6:26:26PM

84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$1,964,265,042	\$2,106,165,340	\$2,443,710,711
METHODS OF FINANCE :	\$1,964,265,042	\$2,106,165,340	\$2,443,710,711
FULL TIME EQUIVALENT POSITIONS:	329.4	347.4	356.0

4.B. Federal Funds Supporting Schedule
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:27:01PM**

Agency code: **327** Agency name: **Employees Retirement System**

CFDA NUMBER/ STRATEGY	EXP 2014	EXP 2015	BUD 2016
00.327.001 ERS Retirement			
1 - 1 - 1 ERS - RETIREMENT	80,373,699	78,632,060	111,069,992
TOTAL, ALL STRATEGIES	\$80,373,699	\$78,632,060	\$111,069,992
ADDL FED FNDS FOR EMPL BENEFITS	0	0	0
TOTAL, FEDERAL FUNDS	\$80,373,699	\$78,632,060	\$111,069,992
ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0
00.327.002 ERS Insurance			
2 - 1 - 1 GBP - GENERAL STATE EMPLOYEES	271,063,926	292,451,406	294,762,778
TOTAL, ALL STRATEGIES	\$271,063,926	\$292,451,406	\$294,762,778
ADDL FED FNDS FOR EMPL BENEFITS	0	0	0
TOTAL, FEDERAL FUNDS	\$271,063,926	\$292,451,406	\$294,762,778
ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0
00.327.003 LECOS Retirement			
1 - 1 - 2 LECOS RETIREMENT PROGRAM	27,605	27,331	29,510
TOTAL, ALL STRATEGIES	\$27,605	\$27,331	\$29,510
ADDL FED FNDS FOR EMPL BENEFITS	0	0	0
TOTAL, FEDERAL FUNDS	\$27,605	\$27,331	\$29,510
ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0

4.B. Federal Funds Supporting Schedule
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **11/25/2015**
 TIME: **6:27:01PM**

Agency code: **327** Agency name: **Employees Retirement System**

CFDA NUMBER/ STRATEGY	EXP 2014	EXP 2015	BUD 2016
<u>SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS</u>			
00.327.001 ERS Retirement	80,373,699	78,632,060	111,069,992
00.327.002 ERS Insurance	271,063,926	292,451,406	294,762,778
00.327.003 LECOS Retirement	27,605	27,331	29,510
TOTAL, ALL STRATEGIES	\$351,465,230	\$371,110,797	\$405,862,280
TOTAL , ADDL FED FUNDS FOR EMPL BENEFITS	0	0	0
TOTAL, FEDERAL FUNDS	<u>\$351,465,230</u>	<u>\$371,110,797</u>	<u>\$405,862,280</u>
TOTAL, ADDL GR FOR EMPL BENEFITS	\$0	\$0	\$0

327 Employees Retirement System

	EXP 2014	EXP 2015	BUD 2016
<i>Item: 1 Change for Full State Contribution</i>			
Objects of Expense			
Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES			
2009 OTHER OPERATING EXPENSE	\$2,729,751	\$2,867,729	\$3,075,150
SUBTOTAL, Strategy 2-1-1	\$2,729,751	\$2,867,729	\$3,075,150
TOTAL, Objects of Expense	\$2,729,751	\$2,867,729	\$3,075,150
Method of Financing			
GENERAL REVENUE FUNDS			
Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES			
1 General Revenue Fund	\$1,686,986	\$1,775,985	\$2,068,961
SUBTOTAL, Strategy 2-1-1	\$1,686,986	\$1,775,985	\$2,068,961
SUBTOTAL, GENERAL REVENUE FUNDS	\$1,686,986	\$1,775,985	\$2,068,961
GR DEDICATED			
Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES			
994 GR Dedicated Accounts	\$98,271	\$103,812	\$126,081
SUBTOTAL, Strategy 2-1-1	\$98,271	\$103,812	\$126,081
SUBTOTAL, GR DEDICATED	\$98,271	\$103,812	\$126,081
FEDERAL FUNDS			
Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES			
555 Federal Funds			
00.327.002 ERS Insurance	\$507,734	\$527,375	\$517,548
SUBTOTAL, Strategy 2-1-1	\$507,734	\$527,375	\$517,548
SUBTOTAL, FEDERAL FUNDS	\$507,734	\$527,375	\$517,548

327 Employees Retirement System

	EXP 2014	EXP 2015	BUD 2016
OTHER FUNDS			
Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES			
6 State Highway Fund	\$426,114	\$449,373	\$347,799
998 Other Special State Funds	\$10,646	\$11,184	\$14,761
SUBTOTAL, Strategy 2-1-1	\$436,760	\$460,557	\$362,560
SUBTOTAL, OTHER FUNDS	\$436,760	\$460,557	\$362,560
TOTAL, Method of Financing	\$2,729,751	\$2,867,729	\$3,075,150

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590 (P.L. 111-148), Sec. 1513 and H.R. 4872 (P.L. 111-152), Sec. 1003

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law defines a full-time employee to be one working 30 or more hours per week. Under the GBP, prior to September 1, 2013, only employees working at least 40 hours per week received the full state contribution for basic life and health insurance. Employees working 20-39 hours per week received 50% of the state contribution. In order to assure compliance with the law, the 83rd Texas Legislature adopted SB 1459 that includes an amendment to the GBP statute specifying that employees working 30 or more hours per week will receive the full state contribution beginning September 1, 2013; i.e. for FY14 and subsequent years.
2. Based on data provided by the State Comptroller, there were 266 part-time employees working 30-39 hours per week during FY13 who were enrolled in the GBP health plan. In addition, there were 438 such part-time employees who were not enrolled in the GBP. Effective September 1, 2013, these members qualified for a full state contribution.
3. The average state contribution for a part-time (PT) employee in FY14 and FY15 was about \$294 and \$310 per month, respectively. As a result of this amendment to the statute, the additional state contribution for the PT employees affected by this change who were previously enrolled in the health plan prior to Sep 1, 2013, was \$294 per month in FY14 and \$310 per month in FY15. The additional state contribution for these employees will be \$333 in FY16. The additional state contribution for those PT employees affected by the change who were not enrolled in the health plan prior to the change was \$588 and \$620 in FY14 and FY15 respectively. The additional state contribution for these employees will be \$666 in FY16.
4. The full cost of this change will be paid by the employers.
5. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

4.F. Part A Federal Health Care Reform Schedule
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

11/25/2015 6:27:38PM

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 2 Eliminate Lifetime Maximum

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$180,610	\$194,341	\$214,169
SUBTOTAL, Strategy 2-1-1	\$180,610	\$194,341	\$214,169
TOTAL, Objects of Expense	\$180,610	\$194,341	\$214,169

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$111,618	\$120,356	\$144,092
SUBTOTAL, Strategy 2-1-1	\$111,618	\$120,356	\$144,092
SUBTOTAL, GENERAL REVENUE FUNDS	\$111,618	\$120,356	\$144,092

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$6,502	\$7,035	\$8,781
SUBTOTAL, Strategy 2-1-1	\$6,502	\$7,035	\$8,781
SUBTOTAL, GR DEDICATED	\$6,502	\$7,035	\$8,781

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$33,593	\$35,739	\$36,045
SUBTOTAL, Strategy 2-1-1	\$33,593	\$35,739	\$36,045
SUBTOTAL, FEDERAL FUNDS	\$33,593	\$35,739	\$36,045

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$28,193	\$30,453	\$24,223
998 Other Special State Funds	\$704	\$758	\$1,028
SUBTOTAL, Strategy 2-1-1	\$28,897	\$31,211	\$25,251
SUBTOTAL, OTHER FUNDS	\$28,897	\$31,211	\$25,251
TOTAL, Method of Financing	\$180,610	\$194,341	\$214,169

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590, Sec. 1001(5) as amended by Sec. 10101(a) (adds Sec 2711(a)(1) of Public Health Serv. Act)

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP September 1, 2010; i.e., for FY11.
2. Estimated increases in GBP health plan cost are \$319,000 in FY14, \$342,000 in FY15, and \$376,000 in FY16.
3. The additional plan cost was split between the employers and the subscribers 83.6%/16.4% in FY14 and 84.2%/15.8% in FY15. The split is expected to be 84.4%/15.6% in FY16.
4. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 3 Expand Coverage of Depend to Age 26

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$4,523,010	\$5,195,096	\$5,802,700
SUBTOTAL, Strategy 2-1-1	\$4,523,010	\$5,195,096	\$5,802,700
TOTAL, Objects of Expense	\$4,523,010	\$5,195,096	\$5,802,700

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$2,795,220	\$3,217,323	\$3,904,057
SUBTOTAL, Strategy 2-1-1	\$2,795,220	\$3,217,323	\$3,904,057
SUBTOTAL, GENERAL REVENUE FUNDS	\$2,795,220	\$3,217,323	\$3,904,057

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$162,828	\$188,062	\$237,911
SUBTOTAL, Strategy 2-1-1	\$162,828	\$188,062	\$237,911
SUBTOTAL, GR DEDICATED	\$162,828	\$188,062	\$237,911

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$841,280	\$955,378	\$976,594
SUBTOTAL, Strategy 2-1-1	\$841,280	\$955,378	\$976,594
SUBTOTAL, FEDERAL FUNDS	\$841,280	\$955,378	\$976,594

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$706,042	\$814,072	\$656,285
998 Other Special State Funds	\$17,640	\$20,261	\$27,853
SUBTOTAL, Strategy 2-1-1	\$723,682	\$834,333	\$684,138
SUBTOTAL, OTHER FUNDS	\$723,682	\$834,333	\$684,138
TOTAL, Method of Financing	\$4,523,010	\$5,195,096	\$5,802,700

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590, Sec. 1001 (adds Sec 2714 of Public Health Services Act); H.R. 4872, Sec. 2301

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP September 1, 2011; i.e., for FY12.
2. As a result of this provision, annual averages of 3,934 and 4,238 additional children participated the health plan in FY14 and FY 15 respectively. During FY16, an annual average of 4,296 additional children are expected to participate as result of this provision.
3. Each additional child cost the plan an average of about \$3,212 in FY14 and \$3,440 in FY15. The average cost per child is expected to increase to \$3,784 for FY16.
4. The additional plan cost is split 50%/50% between the employers and the subscribers, since the amounts shown herein are solely attributable to an increase in dependent cost and the employer pays for 50% of the dependent cost.
5. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 4 Preventive Care at 100%

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$15,960,027	\$18,035,799	\$19,397,932
SUBTOTAL, Strategy 2-1-1	\$15,960,027	\$18,035,799	\$19,397,932
TOTAL, Objects of Expense	\$15,960,027	\$18,035,799	\$19,397,932

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$9,863,297	\$11,169,570	\$13,050,929
SUBTOTAL, Strategy 2-1-1	\$9,863,297	\$11,169,570	\$13,050,929
SUBTOTAL, GENERAL REVENUE FUNDS	\$9,863,297	\$11,169,570	\$13,050,929

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$574,561	\$652,896	\$795,315
SUBTOTAL, Strategy 2-1-1	\$574,561	\$652,896	\$795,315
SUBTOTAL, GR DEDICATED	\$574,561	\$652,896	\$795,315

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$2,968,565	\$3,316,783	\$3,264,672
SUBTOTAL, Strategy 2-1-1	\$2,968,565	\$3,316,783	\$3,264,672
SUBTOTAL, FEDERAL FUNDS	\$2,968,565	\$3,316,783	\$3,264,672

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$2,491,360	\$2,826,210	\$2,193,906
998 Other Special State Funds	\$62,244	\$70,340	\$93,110
SUBTOTAL, Strategy 2-1-1	\$2,553,604	\$2,896,550	\$2,287,016
SUBTOTAL, OTHER FUNDS	\$2,553,604	\$2,896,550	\$2,287,016
TOTAL, Method of Financing	\$15,960,027	\$18,035,799	\$19,397,932

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590 (P.L. 111-148), Sec. 1001 (adds Sec 2713 of Public Health Services Act)

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP September 1, 2011; i.e., for FY12.
2. The average number of GBP health plan participants (members and dependents) was about 526,900 in FY14 and 531,000 in FY15. Enrollment is expected to increase to 537,500 in FY16.
3. This provision increased plan cost about \$53.50 and \$59.77 per participant in FY14 and FY15 respectively. This amount is expected to increase to about \$63.36 for FY16.
4. The additional plan cost was split between the employers and the subscribers 83.6%/16.4% in FY14 and 84.2%/15.8% in FY15. The split is expected to be 84.4%/15.6% in FY16.
5. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 5 Patient Center Outcomes Annual Fee

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$524,278	\$545,946	\$573,765
SUBTOTAL, Strategy 2-1-1	\$524,278	\$545,946	\$573,765
TOTAL, Objects of Expense	\$524,278	\$545,946	\$573,765

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$324,003	\$338,105	\$386,029
SUBTOTAL, Strategy 2-1-1	\$324,003	\$338,105	\$386,029
SUBTOTAL, GENERAL REVENUE FUNDS	\$324,003	\$338,105	\$386,029

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$18,874	\$19,763	\$23,524
SUBTOTAL, Strategy 2-1-1	\$18,874	\$19,763	\$23,524
SUBTOTAL, GR DEDICATED	\$18,874	\$19,763	\$23,524

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$97,516	\$100,399	\$96,565
SUBTOTAL, Strategy 2-1-1	\$97,516	\$100,399	\$96,565
SUBTOTAL, FEDERAL FUNDS	\$97,516	\$100,399	\$96,565

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$81,840	\$85,550	\$64,893
998 Other Special State Funds	\$2,045	\$2,129	\$2,754
SUBTOTAL, Strategy 2-1-1	\$83,885	\$87,679	\$67,647
SUBTOTAL, OTHER FUNDS	\$83,885	\$87,679	\$67,647
TOTAL, Method of Financing	\$524,278	\$545,946	\$573,765

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590 (P.L. 111-148), Sec. 6301 (adds Secs. 9511 and 4376 of the Internal Revenue Code of 1986)

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP for FY13.
2. H.R. 3590 specifies annual per capita fees for funding for the Patient-Centered Outcomes Research Trust to study the quality and relevance of treatment received by patients. The PCORT fees apply to plan years ending after 10/1/12 and before 10/1/19; i.e., in the case of the GBP, FY13-19. The annual per capita fees are \$2.00 for FY14 and \$2.08 for FY15. The annual per capita fee for FY16 is \$2.17.
3. The fee is based on the average GBP health plan enrollment (excluding participants enrolled in the MAPPO and MAHMO) for the applicable fiscal year. The average number of GBP health plan participants for whom the fee is applicable was about 463,000 in FY14 and 461,900 in FY15. The applicable enrollment is expected to be 464,200 in FY16.
4. The expense amounts are shown in the fiscal year in which they are incurred. The actual payments are made in the following fiscal year.
5. The additional plan cost was split between the employers and the subscribers 83.6%/16.4% in FY14 and 84.2%/15.8% in FY15. The split is expected to be 84.4%/15.6% in FY16.
6. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

4.F. Part A Federal Health Care Reform Schedule
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

11/25/2015 6:27:38PM

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 6 100% Coverage for Contraceptives

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$5,024,849	\$5,521,281	\$6,002,911
SUBTOTAL, Strategy 2-1-1	\$5,024,849	\$5,521,281	\$6,002,911
TOTAL, Objects of Expense	\$5,024,849	\$5,521,281	\$6,002,911

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$3,105,356	\$3,419,329	\$4,038,759
SUBTOTAL, Strategy 2-1-1	\$3,105,356	\$3,419,329	\$4,038,759
SUBTOTAL, GENERAL REVENUE FUNDS	\$3,105,356	\$3,419,329	\$4,038,759

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$180,895	\$199,870	\$246,119
SUBTOTAL, Strategy 2-1-1	\$180,895	\$199,870	\$246,119
SUBTOTAL, GR DEDICATED	\$180,895	\$199,870	\$246,119

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$934,622	\$1,015,364	\$1,010,290
SUBTOTAL, Strategy 2-1-1	\$934,622	\$1,015,364	\$1,010,290
SUBTOTAL, FEDERAL FUNDS	\$934,622	\$1,015,364	\$1,010,290

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$784,379	\$865,185	\$678,929
998 Other Special State Funds	\$19,597	\$21,533	\$28,814
SUBTOTAL, Strategy 2-1-1	\$803,976	\$886,718	\$707,743
SUBTOTAL, OTHER FUNDS	\$803,976	\$886,718	\$707,743
TOTAL, Method of Financing	\$5,024,849	\$5,521,281	\$6,002,911

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590 (P.L. 111-148), Sec. 1001 (adds Sec 2713 of Public Health Services Act)

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP on September 1, 2012; i.e., for FY13.
2. Enrollment in HealthSelect and the HMOs averaged about 471,800 and 470,700 participants for FY14 and FY15 respectively. Average participant enrollment is expected to be about 473,100 in FY16.
3. This provision increased plan cost \$18.81 and \$20.64 per participant in FY14 and FY15, respectively. It is expected to cost the plan \$22.28 per participant in FY16.
4. The additional plan cost was split between the employers and the subscribers 83.6%/16.4% in FY14 and 84.2%/15.8% in FY15. The split is expected to be 84.4%/15.6% in FY16.
5. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 7 Change Effective Date of Coverage

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$0	\$13,005,981	\$14,134,998
SUBTOTAL, Strategy 2-1-1	\$0	\$13,005,981	\$14,134,998
TOTAL, Objects of Expense	\$0	\$13,005,981	\$14,134,998

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$0	\$8,054,604	\$9,510,027
SUBTOTAL, Strategy 2-1-1	\$0	\$8,054,604	\$9,510,027
SUBTOTAL, GENERAL REVENUE FUNDS	\$0	\$8,054,604	\$9,510,027

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$0	\$470,817	\$579,535
SUBTOTAL, Strategy 2-1-1	\$0	\$470,817	\$579,535
SUBTOTAL, GR DEDICATED	\$0	\$470,817	\$579,535

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$0	\$2,391,800	\$2,378,920
SUBTOTAL, Strategy 2-1-1	\$0	\$2,391,800	\$2,378,920
SUBTOTAL, FEDERAL FUNDS	\$0	\$2,391,800	\$2,378,920

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$0	\$2,038,037	\$1,598,668
998 Other Special State Funds	\$0	\$50,723	\$67,848
SUBTOTAL, Strategy 2-1-1	\$0	\$2,088,760	\$1,666,516
SUBTOTAL, OTHER FUNDS	\$0	\$2,088,760	\$1,666,516
TOTAL, Method of Financing	\$0	\$13,005,981	\$14,134,998

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590 (P.L. 111-148), Sec. 1201 (adds Sec 2708 of Public Health Services Act)

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP on September 1, 2014; i.e., for FY15.
2. The Act prohibits a waiting period of more than 90 days for plan years beginning on or after January 1, 2014. Prior to FY15, GBP health coverage became effective on the first of the month following completion of 90 days of employment. In order to assure compliance with the law, the 83rd Texas Legislature adopted SB 1459 that includes an amendment to the GBP statute specifying that GBP health coverage becomes effective on the first day of the month following completion of 60 days of employment; i.e., the actual waiting period will be between 60 and 90 days of employment effective September 1, 2014; i.e., for FY15 and subsequent years. This results in a reduction in the waiting period of about 30 days on average.
3. This provision resulted in average enrollment in the health plan being about 2,434 higher in FY15 than it would have been otherwise. That number is expected to be 2,468 in FY16. Note these numbers are not cumulative.
4. The average state contribution for each additional health plan member was about \$7,919 in FY15 . This amount is expected to increase to about \$8,487 in FY16.
5. This change will increase the cost of coverage only for the employers.
6. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

4.F. Part A Federal Health Care Reform Schedule
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

11/25/2015 6:27:38PM

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 8 Transitional Reinsurance Prog Fee

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$10,456,345	\$12,544,638	\$8,158,292
SUBTOTAL, Strategy 2-1-1	\$10,456,345	\$12,544,638	\$8,158,292
TOTAL, Objects of Expense	\$10,456,345	\$12,544,638	\$8,158,292

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$6,462,022	\$7,768,894	\$5,488,898
SUBTOTAL, Strategy 2-1-1	\$6,462,022	\$7,768,894	\$5,488,898
SUBTOTAL, GENERAL REVENUE FUNDS	\$6,462,022	\$7,768,894	\$5,488,898

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$376,428	\$454,116	\$334,490
SUBTOTAL, Strategy 2-1-1	\$376,428	\$454,116	\$334,490
SUBTOTAL, GR DEDICATED	\$376,428	\$454,116	\$334,490

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$1,944,880	\$2,306,959	\$1,373,041
SUBTOTAL, Strategy 2-1-1	\$1,944,880	\$2,306,959	\$1,373,041
SUBTOTAL, FEDERAL FUNDS	\$1,944,880	\$2,306,959	\$1,373,041

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$1,632,235	\$1,965,745	\$922,703
998 Other Special State Funds	\$40,780	\$48,924	\$39,160
SUBTOTAL, Strategy 2-1-1	\$1,673,015	\$2,014,669	\$961,863
SUBTOTAL, OTHER FUNDS	\$1,673,015	\$2,014,669	\$961,863
TOTAL, Method of Financing	\$10,456,345	\$12,544,638	\$8,158,292

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590 (P.L. 111-148), Sec. 1341

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law is applicable to the GBP for three calendar years beginning January 1, 2014. It impacts the last 8 months of FY14, FY15, FY16 and the first 4 months of FY17.
2. CMS rules specify that the applicable rates for CY 2014, CY 2015 and CY 2016 will \$5.25, \$3.67 and \$2.25 per applicable participant per month, respectively. The rules specify that the TRP fee does not apply to participants for whom Medicare is their primary coverage.
3. Average non-Medicare-Primary participant enrollment in the GBP health plan was about 440,000 in CY 2014 and 438,000 in CY 2015. It is expected to be about 439,000 for CY 2016.
4. The expense amounts are shown in the fiscal year in which they were incurred. The actual payments are made in installments during the following two fiscal years.
5. The additional plan cost was split between the employers and the subscribers 83.6%/16.4% in FY14 and 84.2%/15.8% in FY15. The split is expected to be 84.4%/15.6% in FY16.
6. The share of the additional employer cost attributable to state agency members was about 67.7% in FY14 and 67.5% in FY15. It is expected to be 67.5% in FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 9 Health Insurance Provider Fee

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$5,308,320	\$11,388,645	\$13,082,015
SUBTOTAL, Strategy 2-1-1	\$5,308,320	\$11,388,645	\$13,082,015
TOTAL, Objects of Expense	\$5,308,320	\$11,388,645	\$13,082,015

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$3,280,541	\$7,052,987	\$8,801,579
SUBTOTAL, Strategy 2-1-1	\$3,280,541	\$7,052,987	\$8,801,579
SUBTOTAL, GENERAL REVENUE FUNDS	\$3,280,541	\$7,052,987	\$8,801,579

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$191,100	\$412,269	\$536,363
SUBTOTAL, Strategy 2-1-1	\$191,100	\$412,269	\$536,363
SUBTOTAL, GR DEDICATED	\$191,100	\$412,269	\$536,363

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$987,348	\$2,094,372	\$2,201,703
SUBTOTAL, Strategy 2-1-1	\$987,348	\$2,094,372	\$2,201,703
SUBTOTAL, FEDERAL FUNDS	\$987,348	\$2,094,372	\$2,201,703

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$828,629	\$1,784,601	\$1,479,576
998 Other Special State Funds	\$20,702	\$44,416	\$62,794
SUBTOTAL, Strategy 2-1-1	\$849,331	\$1,829,017	\$1,542,370
SUBTOTAL, OTHER FUNDS	\$849,331	\$1,829,017	\$1,542,370
TOTAL, Method of Financing	\$5,308,320	\$11,388,645	\$13,082,015

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590, Sec. 9010 as amended by Sec. 10905 and H.R. 4872 (P.L. 111-152), Sec. 1406

DESCRIPTION/KEY ASSUMPTIONS:

1. This section of the law became applicable to the GBP for CY 2014.
2. Under the ACA, the Health Insurance Providers (HIP) Fee applies to fully insured health plans which are funded in part by the employers. In the GBP this includes the MAPPO, the MAHMO, and the non-governmental HMOs (SWHP and, in FY16, CHC).
3. The aggregate HIP fees for a given calendar year as specified in the statute are allocated among all insurers and HMOs pro rata based on applicable premium in the year prior to the year of the assessment.
4. The HIP Fee rates were \$19.22 and \$26.35 per participant per month (PMPM) for the MA PPO in CY14 and CY15 respectively; \$13.03 and \$18.47 PMPM for the MA HMO in CY14 and CY15 respectively; and 1.5% of premium for SWHP in FY15. The rates are expected to be \$25.37 for the MA PPO and \$18.47 for the MA HMO in CY16 and 1.5% of premium for the HMOs in FY16.
5. The CY16 HIP fee is expected to be based on enrollment of 63,600 in the MA PPO and 1,300 in the MA HMO. The HIP fee for the HMOs for FY16 is expected to be based on premium of \$118.3 million.
6. The expense amounts are shown in the fiscal year in which they were incurred.
7. The increased cost attributable to the HIP Fee was split between the employers and the members 91.3%/8.7% and 90.9%/9.1% for the MAPPO and MAHMO and 84.2%/15.8% and 84.7%/15.3% for SWHP in FY14 and FY15 respectively. The split is expected to be 91.2%/8.8% for the MAPPO and MAHMO and 85.0%/15.0% for the HMOs in FY16.
8. The share of the additional employer cost attributable to state agency members is about 67.7% in FY14 and 67.5% in FY15 and FY16.

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

327 Employees Retirement System

EXP 2014 EXP 2015 BUD 2016

Item: 10 Limit on Participant Cost Sharing

Objects of Expense

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

2009 OTHER OPERATING EXPENSE	\$0	\$34,158	\$217,439
SUBTOTAL, Strategy 2-1-1	\$0	\$34,158	\$217,439
TOTAL, Objects of Expense	\$0	\$34,158	\$217,439

Method of Financing

GENERAL REVENUE FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

1 General Revenue Fund	\$0	\$21,153	\$146,293
SUBTOTAL, Strategy 2-1-1	\$0	\$21,153	\$146,293
SUBTOTAL, GENERAL REVENUE FUNDS	\$0	\$21,153	\$146,293

GR DEDICATED

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

994 GR Dedicated Accounts	\$0	\$1,237	\$8,915
SUBTOTAL, Strategy 2-1-1	\$0	\$1,237	\$8,915
SUBTOTAL, GR DEDICATED	\$0	\$1,237	\$8,915

FEDERAL FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

555 Federal Funds			
00.327.002 ERS Insurance	\$0	\$6,282	\$36,595
SUBTOTAL, Strategy 2-1-1	\$0	\$6,282	\$36,595
SUBTOTAL, FEDERAL FUNDS	\$0	\$6,282	\$36,595

OTHER FUNDS

Strategy: 2-1-1 GBP - GENERAL STATE EMPLOYEES

6 State Highway Fund	\$0	\$5,353	\$24,592
998 Other Special State Funds	\$0	\$133	\$1,044
SUBTOTAL, Strategy 2-1-1	\$0	\$5,486	\$25,636
SUBTOTAL, OTHER FUNDS	\$0	\$5,486	\$25,636
TOTAL, Method of Financing	\$0	\$34,158	\$217,439

327 Employees Retirement System

LEGAL AUTHORITY/STATUTORY REFERENCE FOR ITEM:

H.R. 3590, Sec 1201 adds Sec 2707(b) of Public Health Services Act

DESCRIPTION/KEY ASSUMPTIONS:

1. This provision of the law became applicable to the GBP for FY15.
2. This section of the law requires the GBP to include a limit on participant cost sharing (copays, deductibles, and coinsurance) for network services beginning January 1, 2015.
3. For plans like the GBP for which medical benefits and prescription drug benefits are administered by independent administrators, the cost sharing limit applied only to medical benefits in 2015, but it applies to medical and prescription drug benefits combined in 2016 and later. The 2015 cost sharing limit was \$6,350 for member only coverage and \$12,700 for family coverage (any coverage that includes spouse and/or children). For 2016 the ACA cost sharing limit is \$6,600 for member only coverage and \$13,200 for family coverage.
4. Health plan enrollment for FY16 is expected to be about 537,500 participants (members and dependents).
5. This provision is expected to increase plan cost about \$0.71 per participant per year in FY16.
6. The additional plan cost was split between the employers and the subscribers 84.2%/15.8% in FY15. The split is expected to be 84.4%/15.6% in FY16.
7. The share of the additional employer cost attributable to state agency members was about 67.5% in FY15. It is expected to be 67.5% in FY16.

327 Employees Retirement System

	EXP 2014	EXP 2015	BUD 2016
--	-----------------	-----------------	-----------------

CONCERNS:

Disclaimer: ERS continues to review the impact of the PPACA and consider health reform obligations in conjunction with existing and/or revised state and federal statutes and regulations. As such, costs estimated herein may change and new costs not yet identified may be identified in the future.

TOTAL, ALL ITEMS	\$44,707,190	\$69,333,614	\$70,659,371
-------------------------	---------------------	---------------------	---------------------

4.F. Part A Federal Health Care Reform Schedule
 84th Regular Session, Fiscal Year 2016 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

11/25/2015 6:27:38PM

327 Employees Retirement System

MOF RECAP

EXP 2014 EXP 2015 BUD 2016

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$27,629,043	\$42,938,306	\$47,539,624
SUBTOTAL, GENERAL REVENUE FUNDS	\$27,629,043	\$42,938,306	\$47,539,624

GR DEDICATED

994 GR Dedicated Accounts	\$1,609,459	\$2,509,877	\$2,897,034
SUBTOTAL, GR DEDICATED	\$1,609,459	\$2,509,877	\$2,897,034

FEDERAL FUNDS

555 Federal Funds	\$8,315,538	\$12,750,451	\$11,891,973
SUBTOTAL, FEDERAL FUNDS	\$8,315,538	\$12,750,451	\$11,891,973

OTHER FUNDS

6 State Highway Fund	\$6,978,792	\$10,864,579	\$7,991,574
998 Other Special State Funds	\$174,358	\$270,401	\$339,166
SUBTOTAL, OTHER FUNDS	\$7,153,150	\$11,134,980	\$8,330,740

TOTAL, ALL ITEMS	\$44,707,190	\$69,333,614	\$70,659,371
-------------------------	---------------------	---------------------	---------------------

4.F. Part B Summary of Federal Health Care Reform Schedule
84th Regular Session, Fiscal Year 2016 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 11/25/2015
TIME: 6:28:13PM

Agency code: 327 Agency name: **Employees Retirement System**

ITEM	ITEM NAME	EXP 2014	EXP 2015	BUD 2016
1	Change for Full State Contribution	\$2,729,751	\$2,867,729	\$3,075,150
2	Eliminate Lifetime Maximum	\$180,610	\$194,341	\$214,169
3	Expand Coverage of Depend to Age 26	\$4,523,010	\$5,195,096	\$5,802,700
4	Preventive Care at 100%	\$15,960,027	\$18,035,799	\$19,397,932
5	Patient Center Outcomes Annual Fee	\$524,278	\$545,946	\$573,765
6	100% Coverage for Contraceptives	\$5,024,849	\$5,521,281	\$6,002,911
7	Change Effective Date of Coverage	\$0	\$13,005,981	\$14,134,998
8	Transitional Reinsurance Prog Fee	\$10,456,345	\$12,544,638	\$8,158,292
9	Health Insurance Provider Fee	\$5,308,320	\$11,388,645	\$13,082,015
10	Limit on Participant Cost Sharing	\$0	\$34,158	\$217,439
Total, Cost Related to Health Care Reform		\$44,707,190	\$69,333,614	\$70,659,371
METHOD OF FINANCING				
GENERAL REVENUE FUNDS		\$27,629,043	\$42,938,306	\$47,539,624
GR DEDICATED		\$1,609,459	\$2,509,877	\$2,897,034
SUBTOTAL, GR & GR - DEDICATED FUNDS		\$29,238,502	\$45,448,183	\$50,436,658
FEDERAL FUNDS		\$8,315,538	\$12,750,451	\$11,891,973
OTHER FUNDS		\$7,153,150	\$11,134,980	\$8,330,740
TOTAL		\$44,707,190	\$69,333,614	\$70,659,371