

**2016-2017 Biennial Budget Assumptions
Personal Services**

Salaries

- Position calculations do not assume increases for future Collective Bargaining agreements
- A merit increase is calculated each year for positions that 1) reflect a valid merit date, and, 2) that are not at the top step of the salary schedule to which the position is assigned.
- Unless modified, vacant positions reflect step 3 in FY 16 and step 4 in FY 17.

Attrition

The Personal Services budget reflects a total reduction of 3.0 % of the cost of salaries and other components that are calculated as a percentage of salary. Benefits that are calculated as a percent of salaries and wages will reflect 97.0 % of those projected benefits. Note in the 2016-2017 biennium, 1.6% (current law) is calculated in the position profile for all positions pertaining to all funds, the remaining 1.4% (proposed) is recorded in a statewide initiative for the General and Highway Fund only.

Position Count

FTE Count Positions authorized for less than 52 weeks per year
Teacher positions authorized for less than 180 contract days
Calculated as FTE Hours/2080.

Legislative Count Positions authorized for 52 weeks per year
Teacher positions authorized for more than 179 contract days
Calculated as (Authorized Biweekly Hours/2) * Authorized Weeks
If less than 501, Leg Count = '0'
If between 500 and 1,041, Leg Count = '.5'
If greater than 1,040, Leg Count = '1.0'

Note: Only positions that reflect an end date of 12/31/2099 reflect position count.

Dental

The budget assumes increases of 5% in FY16 rates and 9.725% in FY17 rates over the current FY15 rates for dental insurance.

Monthly Rates

2015	2016	2017
\$26.26	\$27.58	\$28.82

Health Insurance

Active health insurance rates for FY16 and FY17 assuming the Health Commission makes design changes to the Plan which will limit the premium increases to 50% of the original projected (actuarial) rates, which were based on a Plan design unchanged from current. Assumptions are for FY16 a 6.1% increase over FY15 actual rates and for FY17 a 10.4% increase over FY15 actual rates.

Retiree Health Insurance

Based on the revised actuarial valuation of 6/30/2013 the estimated need in FY16 is \$56.1mil and in FY17 is \$60.0 mil. The Retiree health rates were determined by distributing costs of \$561,545,314 in FY16 base payroll and \$569,406,948 in FY17 base payroll for rate of 9.99% in FY16 and 10.54% in FY17

Retired Teachers Health Insurance (State Share)

Reflected under the Department of Education, the All Other budget is adjusted for the latest actuarial update. The State share is currently as follows: "The increase in the State's total cost for retired teachers' health insurance premiums for fiscal years ending after June 30, 2015 is budgeted at no more than any percentage increase in the Consumer Price Index as defined in Title 5, section 17001, subsection 9 plus 3%. A provider of a health insurance benefit plan for retired teachers must make available data related to the provider's premium costs and any related data as requested by the Executive Director of Health Insurance within the Department of Administrative and Financial Services." The state's share was amended from 45% (enacted in PL 2003, c. 457, Part TT) in PL 2013, c. 368, Part H section 3.

Based on the revised actuarial valuation of 6/30/2013 the estimated need in FY16 is \$32.2mil and in FY17 is \$37.3mil.

	FY 16	FY 17
General Fund increase of	\$1,200,000	\$6,300,000

Retirement

While the rates vary by plan and option, retirement costs for a majority of positions (approximately 85%) were calculated using the following rates. FY 08 and FY 09 represent years 21 and 20, respectively, of the unfunded actuarial liability (UAL) amortization schedule.

	FY 16	FY 17
Normal	5.31%	5.31%
Ret. Admin.	.0%	.0%
Unfunded Liability	17.06%	17.38%

UAL Amortization Schedule History

BIEN	1986 - 1987	1992 - 1993	1992 - 1993	1998 - 1999	2000 - 2001	2002 - 2003	2004 - 2005	2006 - 2007
		1993						
		*						**
PL	PL	PL	PL	PL	PL	PL	PL	PL
1985	1991	1991	1997	1999	2001	2003	2005	2005
c. 801	c. 9	c. 591	c. 643	c. 731		c. 20	c. 12	
		Pt. E	Pt. P	Pt. R	Pt. XX	Pt. NN		Pt. R
FY 91								
FY 92								
FY 93								
FY 94			27					
FY 95			26					
FY 96			25					
FY 97			24					
FY 98			23					
FY 99			22	25				
FY 00			21	24				
FY 01			20	23	19			
FY 02			19	22	18			
FY 03			18	21	17			
FY 04			17	20	16	25		
FY 05			16	19	15	24		
FY 06			15	18	14	23	14	23
FY 07			14	17	13	22	13	22
FY 08			13	16	12	21	12	21
FY 09			12	15	11	20	11	20

* States that funds that have been appropriated must be considered assets of the retirement system.

** PL 2003, c. 20, Pt. NN states "This subsection is repealed July 1, 2005."
As a result, the amortization schedule reverted to 14 years for FY 06.
PL 2005 c. 12, Pt. R subsequently extended the schedule to 23 years
beginning 7/1/2005.

**2016-2017 Biennial Budget Assumptions
All Other**

The baseline All Other budget is equal to the balance of FY15 All Other budget authorized by the Legislature, unless the FY 15 budget reflected an increase or a decrease that was assumed to be a one-time adjustment.

**2016-2017 Biennial Budget Assumptions
Capital Expenditures**

The baseline budget for Capital Expenditures is zero for all programs/funds. All Capital Expenditure requests, regardless of whether the request is for the replacement of an existing item, or the purchase of a new item, is reflected in the budget as an initiative.