

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96th GENERAL ASSEMBLY

BILL NO: **SB 1638**

February 23, 2009

SPONSOR (S): Trotter

SYSTEM(S): State Pension Funds Continuing Appropriation Act

FISCAL IMPACT: Since the bill requires the Department of Central Management Services to administer a program of health benefits for certain community college districts not participating in the Community College Health Insurance Security Fund, there will be a cost associated with SB 1638. However, because it is not clear how many community college districts would participate, or the number of persons that could be covered under this language, the total cost cannot be determined.

SUBJECT MATTER: SB 1638 amends the State Employees Group Insurance Act of 1971 and the State Pension Funds Continuing Appropriation Act. The bill requires, beginning July 1, 2011, that the Department of Central Management Services administer a program of health benefits for community college districts not participating in the Community College Health Insurance Security Fund. The bill also requires a committee be established, beginning July 1, 2010, to advise the State on the program and the necessary adjustments in funding sources. SB 1638 amends the State Mandates Act to require implementation without reimbursement.

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COMMENTS: The main purpose of the Community College Health Insurance Security Fund is to pay the costs of the health benefit program for eligible community college district employees. Under SB 1638, community college employees not currently participating in the College Health Insurance Security Fund would be eligible for benefits under a program administered by the Department of Central Management Services. The following is the revenues for the College Health Insurance Security Fund for the last two

fiscal years; (FY 2007: \$25,486,437.98) (FY 2008: \$26,948,354.00). So far in FY 2009, (\$17,209,894.45) has been collected.

The bill further requires employers to contribute an amount equal to 0.75% of the salary paid to its full time employees who participate in the State Universities Retirement System and are not defined as members covered under the State Employee Group Insurance Act of 1971. The bill also requires employees to pay 0.75% of salary towards benefits.

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