

FY 2010-11 SUPPLEMENTAL APPROPRIATIONS
Summary: As Reported by the House Appropriations Committee
House Bill 4291 (H-1)



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OVERVIEW

In a letter dated March 1, the State Budget Office requested supplemental adjustments to the FY 2010-11 state budget reflecting savings from the state employee early retirement incentive legislation enacted by the Legislature in 2010 (PA 185 of 2010). The proposed reductions total \$64.6 million Gross and \$57.4 million GF/GP. The proposed adjustments do not reflect associated reductions in expenditures for state employee costs funded from federal and restricted funding sources.

A total of 4,755 state employees retired under the early retirement legislation. Ongoing savings result from only replacing a portion of the resulting vacant positions (1 for 2 for most positions; 1 for 1 for positions at correctional facilities and other state institutions), generally at somewhat lower compensation rates. One-time savings result from the lag between positions being vacated and refilled. A portion of those savings are offset by the costs of leave time payouts and health care costs for the new retirees. The increased actuarial costs associated with the higher multiplier and earlier-than-anticipated retirements under the early retirement incentive legislation will not impact the state budget until FY 2012-13.

Because the 3.0 percent employee contribution for retiree health care costs created by the early retirement legislation is subject to pending litigation, state budget savings from the contribution are not reflected in the proposed adjustments.

The table below shows proposed early retirement-related savings amounts for each state department. House Bill 4291 (H-1) reflects the State Budget Office request in its entirety.

FY 2010-11 Early Retirement-Related Savings

State Budget Office Supplemental Request 2011-5

Department	Gross	GF/GP
Agriculture and Rural Development	(\$1,314,700)	(\$1,314,700)
Attorney General	(1,665,200)	(1,665,200)
Civil Rights	(797,500)	(797,500)
Community Health	(11,664,400)	(8,073,500)
Corrections	(18,801,100)	(18,801,100)
Education	(544,200)	(544,200)
Energy, Labor, & Economic Growth	(907,400)	(907,400)
Human Services	(12,410,300)	(12,410,300)
Judiciary	(1,338,500)	(1,338,500)
Military & Veterans Affairs	(539,200)	(539,200)
Natural Resources & Environment	(1,351,800)	(1,351,800)
State	(819,200)	(819,200)
State Police	(2,637,100)	(2,637,100)
Tech, Management, & Budget	(7,856,400)	(4,207,300)
Treasury	<u>(1,988,200)</u>	<u>(1,988,200)</u>
TOTAL	(\$64,635,200)	(\$57,395,200)