

STATEWIDE ISSUES

This section includes issues that affect multiple departments in various major program areas.

OTHER POST EMPLOYMENT BENEFITS

Pursuant to the new reporting standards adopted by GASB 45, the State Controller recently released an actuarial valuation which identified the total estimated future liabilities as \$47.88 billion.

The Governor's Budget includes \$1.4 billion (\$834 million net General Fund) for health and dental benefits for retirees on a pay-as-you-go basis. In selecting an appropriate strategy for funding future costs, the Administration must balance two competing and potentially conflicting criteria. First, the funding strategy must minimize the disruption of existing critical state programs. Second, the funding strategy must assure bond rating agencies and future investors that the state will fund all future retirement costs. The following three funding options are being considered:

- Continue to budget for the costs annually on a pay-as-you-go basis, at a cost of \$1.6 billion (\$935 million General Fund) in 2009-10.

- Fully fund the annual required contribution, at a cost of \$1 billion (\$600 million General Fund) more than the projected pay-as-you-go cost beginning in 2009-10.
- Fund the pay-as-you-go costs plus an amount that would eliminate any new liability from being accrued, at a cost of \$650 million (\$375 million General Fund) more than the projected pay-as-you-go costs beginning in 2009-10.

All three options would result in the state paying approximately the same amount by 2022-23.

STATE CIVIL SERVICE HUMAN RESOURCES REFORM

The Human Resources Modernization Project (HRMOD) is a collaborative effort sponsored by the Department of Personnel Administration, the State Personnel Board, and the Department of Finance. These departments have partnered to create a strategic plan that defines the direction for civil service reform.

The HRMOD formally began work in 2007-08 and will end with the final rollout tentatively planned for 2014-15. The project team formally began operating on October 1, 2007, with five permanent project staff. Currently, recruitment is underway for redirected or loaned staff from agencies, departments, boards, and commissions to complete the project staffing. Goals for the first two years of the project will be as follows: (1) develop a classification and compensation model based on competencies; (2) streamline the classification process by abolishing unused classifications; (3) develop a long-term recruitment and retention plan as well as a marketing plan focusing on disciplines who face the largest attrition rate; (4) develop a certified training program for state managers/

supervisors and human resources professionals; and (5) develop a system automation procurement plan, requirements, and Request for Proposal.

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