

BILL SUMMARY
2nd Session of the 53rd Legislature

Bill No.:	HB 3053
Version:	Floor Amendment 1
Request Number:	NA
Author:	Speaker Steele
Date:	3/8/2012
Impact:	State Agency Savings:
	FY-13 \$8.3 Million
	FY-14 \$8.3 Million

Research Analysis

Floor amendment 1 for HB 3053 states that, beginning January 1, 2013, flexible benefit allowances for retired members of the United States military shall not be increased or decreased for one consecutive plan year thereafter. After that time, the amount of the allowance shall be as specified in current statute.

Prepared By: Colin Swearingen, Ph.D.

Fiscal Analysis

Floor Amendment 1 freezes the state employee flexible benefit allowance (FBA) at 2012 levels for the 2013 calendar year, a.k.a. plan year. For the 2012 plan year the Employee Benefits Council (EBC) estimates the total FBA expense for state agencies to be approximately \$436 Million. Assuming state employment demographics do not experience a material change, the measure would eliminate growth of the FBA expense for state agencies during the freeze. Under current law the FBA is recalculated annually and subject to growth related to insurance premium inflation. Over the last 4 years, a weighted analysis of FBA inflation showed an annual growth of approximately 3.8%. Assuming the current FBA calculation, which the state agency payout is based, is growing at an approximate annual rate of 3.8%, Floor Amendment 1's FBA freeze allows state agencies to realize estimated annual cost savings of \$8.3 Million in FY-13 and \$8.3 Million in FY-14.

Prepared By: John McPhetridge

Other Considerations

None at this time