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May 19, 2015 | Joint Committee on Finance | Paper #271

Compensation Reserves and Reserves for Health Insurance (Employee Trust Funds and Budget Management and Compensation Reserves)

[LFB 2015-17 Budget Summary: Page 73, #1 and Page 142, #2]

CURRENT LAW

For the 2013-15 biennium, all funds compensation reserves total $125,115,900 in 2013-14 ($78,752,200 GPR and $46,363,700 Other Funds) and $209,056,900 in 2014-15 ($133,056,500 GPR and $76,000,400 Other Funds). Of this amount, $32,388,500 GPR in 2013-14 and $57,056,000 GPR in 2014-15 is attributable to the University of Wisconsin (UW) System.

GOVERNOR

Reserve, in 2015-17, total compensation reserves of $21,385,000 in 2015-16 and $37,233,600 in 2016-17 for the increased cost of state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table:

Fund Source	2015-16	2016-17
General Purpose Revenue	$10,692,500	$18,616,800
Federal Revenue	2,993,900	5,212,700
Program Revenue	4,704,700	8,191,400
Segregated Revenue	2,993,900	5,212,700
Total	$21,385,000	$37,233,600

The final GPR and all funds compensation reserve amounts under AB 21/SB 21 identified above are net of the following recommendations of the Governor: (a) -$4,183,600 GPR in 2015-

16 (-$9,194,700 all funds), and -$8,367,000 GPR in 2016-17 (-$18,389,000 all funds) associated with a proposal to permit state employees to opt-out of state health insurance coverage for a $2,000 annual payment; and (b) -$8,200,000 GPR in 2015-16 (-$18,200,000 all funds), and -$16,400,000 GPR in 2016-17 (-$36,400,000 all funds) associated with unspecified changes to the state group health insurance program.

DISCUSSION POINTS

1. The purpose of establishing compensation reserves is to indicate that monies are reserved in the budget to provide funding for any increases in state employee salary and fringe benefit costs that may be required in the biennium, but for which funding is not included in individual agency budgets as a part of the biennial budget. The reserve funds are not allocated at the time of budget development to individual agency budgets because neither the amount of any salary or fringe benefit costs increases, nor the specific amount of funding needed by each individual agency, is known at the time of budget development.

2. More specifically, the funding levels provided within compensation reserves are intended to cover: (a) the increased employer salary and associated fringe benefit costs resulting from any compensation plan increases for non-represented employees that are recommended by the Office of State Employment Relations (OSER) and approved by the Joint Committee on Employment Relations (JCOER); (b) the costs of salary and associated fringe benefit costs that may be provided to represented state employees under approved collective bargaining agreements; (c) increases in premium levels for state employee health insurance, which are determined in the fall of each year to become effective the following January; and (d) increases in the employer share of contributions to the Wisconsin Retirement System (WRS) for employees' future retirement benefits.

3. As with other state employees, under current law JCOER approves compensation plans for UW employees and the UW System receives pay plan supplements from the state compensation reserve. Under the bill, the UW System would be recreated as the UW System Authority on July 1, 2016. Beginning on that date, JCOER would no longer approve compensation plans for UW employees and the UW System's appropriations for pay plan supplements would be deleted. Information provided by the Department of Administration (DOA) indicates that increases in the UW System's fringe benefit costs attributable to state general purpose revenue (GPR) funds have been estimated at $7.9 million in 2015-16 and $13.4 million in 2016-17. The Department of Administration has indicated that the UW System will not receive pay plan supplements from the compensation reserve in either year of the biennium. Instead, $21.3 million was provided in the proposed UW System Authority's GPR block grant in 2016-17 to fund increases in salary and fringe benefit costs attributable to GPR in both years of the biennium. Budget provisions related to changes in UW System compensation and funding will be addressed in issue papers dealing with the UW System.

4. In the 2015-17 biennium, to the extent necessary, costs of unbudgeted pay and fringe benefit adjustments will be funded from the compensation reserves under the pay plan supplementation process. The pay plan supplementation process operates as follows. The Department of Administration requires state agencies, towards the end of each fiscal year, to

document their need for any supplementation of their existing budgets for the cost of any authorized pay increases (including associated fringe benefit costs such as social security and retirement contribution payments) provided to the agencies' employees and for the cost of the employers' share of any increased premiums for state employee health insurance. Once these requests have been reviewed by DOA, they must then be submitted to the Joint Committee on Finance for final approval under a 14-day passive review process.

5. The Department of Administration possesses substantial discretion and oversight in regards to the pay plan supplementation process. For the current fiscal year, the administration has informed state agencies that, "there are significant financial pressures that must be managed for the remainder of 2014-15 and there is no guarantee that any pay plan supplements will be approved. At a minimum, it is likely any supplements will need to be prorated, rather than approved in full." While there is $133.1 million GPR in the general fund condition statement in compensation reserves for 2014-15, the administration has indicated that only $35.0 million GPR will be recommended as a supplement to agency budgets. Any amounts above that will need to be funded from base budget amounts within each agency. The $98.1 million that would not be used to supplement agency budgets would lapse to the general fund to address the projected 2014-15 general fund shortfall.

6. The schedule of compensation reserves (shown in the table above) indicates reserve funding for each funding source from which state employees' salaries may be funded. The respective indications of GPR, PR, FED and SEG funding amounts are included to provide an indication of the all-funds impact of the anticipated cost increases to agencies under the administration's compensation plans. However, the actual fiscal impact of "releasing" funds from these indicated reserves is quite different between GPR funds and all the non-GPR funding sources. The reason for this is that the GPR funding comes from a single central source, the general fund, which is composed primarily of general tax revenues. In contrast, the other funding sources are not actually all pooled in a single account. While these revenue sources are the same in the definitional sense of involving the same type of revenue (for example, federal revenues), the revenues are actually retained by the individual agencies in either separate program accounts (such as a separate program account for licensing fees) or in distinct segregated funds (the transportation fund or the conservation fund, for example). Therefore, rather than these different revenues all going to a single fund, each program account or segregated fund separately receives revenues that are to be deposited exclusively in that account or fund and the expenditures of those revenues may be made only for the purposes authorized for that account or fund.

7. As a consequence of this difference, when GPR that is set aside in the compensation reserves is released to state agencies under the pay plan supplement process, it is transferred from one central GPR appropriation to individual agency GPR appropriations for actual expenditure. In contrast, when PR, SEG or FED monies are "released" to state agencies under the pay plan supplement process, these monies are transferred from the individual revenue balance of the particular account or fund for that individual agency to the appropriation side of that account or fund. In general, such accounts or funds usually have sufficient revenue reserves to cover the costs of the pay plan supplements; what they require is the authorization to increase their total spending authority by the amount of the requested supplement.

8. The review of compensation reserves, therefore, usually focuses on GPR funding levels. As indicated in the table above, GPR compensation reserves under the bill for state agencies (less the UW System) total $29,309,300 ($10,692,500 in 2015-16 and $18,616,800 in 2016-17). Including the $21,313,500 GPR provided to the UW System for compensation reserves in 2015-17, total GPR compensation reserves under the budget bill equal $50,622,800 for the biennium.

9. Funding needs for approved salary adjustments, and for increases in the employers' share of health insurance costs and in other fringe benefit costs, would be expected to fall proportionately on the other fund sources in a similar manner, since the increases for a given employee do not differ based on the funding source for that employee's salary. For example, if health insurance premium costs increase by a given percentage in each year, the cost increase is applicable to all employees, whether an individual employee is funded from GPR funding or from other fund sources.

10. Given these factors, the balance of this paper will discuss projections for the GPR share of compensation reserves.

11. As noted above, the compensation reserves must address pay adjustments, if provided, in the 2015-17 biennium. Pay adjustments may include across-the-board pay increases for all state employees, market adjustments for certain employment classifications, adjustments that reflect classification surveys for certain employee classifications, and other salary adjustments for state employees under the state's compensation plan or in contracts with certified labor organizations.

12. Under 2011 Wisconsin Act 10, the state is prohibited from bargaining collectively with a collective bargaining unit containing general employees with respect to any factor or condition of employment except base wages. Unless approved by referendum, any increase in base wages that exceeds the total base wages for authorized positions 180 days before the expiration of the previous collective bargaining agreement by a greater percentage than the increase in the consumer price index (CPI) is prohibited. [General employee labor organizations must now be annually certified to function as a representative for collective bargaining purposes. Certain "public safety employees" under Act 10 maintain pre-Act 10 collective bargaining rights.]

13. Under the 2013-15 compensation reserves, GPR funding was set aside for a 1% general wage increase for state employees in each year of the biennium (represented and non-represented), as well as funding to provide wage increases to permit state employers to remain competitive in certain labor markets, and to provide wage increases for craft workers. Under the 2015-17 compensation reserves, no GPR funding is reserved for these purposes.

14. The administration indicates that due to budget constraints, it was not recommended that amounts be set aside in compensation reserves to fund any general wage increases for state employees for the upcoming biennium or market adjustments to permit state employers to remain competitive in certain labor markets. Notwithstanding these recommendations, the administration has indicated that state agencies could possibly fund discretionary equity or retention adjustments (DERAs) or discretionary merit compensation awards (DMCs) from base resources in the upcoming biennium. With a DERA, an employer may provide increased compensation to address pay equity or retention needs. A DMC permits an employer to provide increased compensation for merit.

However, effective February 5, 2015, OSER suspended both DERAs and DMCs until further notice. "This means that effective immediately, no DMC or DERA adjustments will be processed by the Division of Compensation and Labor Relations, and therefore, no DMC or DERA requests should be submitted to the Division."

15. If a 1% general wage increase was to be provided to state employees (represented and non-represented) in each year of 2015-17, additional GPR funding of $21.1 million in 2015-16, and $42.4 million in 2016-17, would need to be reserved (this figure includes state agencies and the UW System). If a 1% general wage increase was to be annually provided to state agency employees only (represented and non-represented), additional GPR funding of $11.1 million in 2015-16, and $22.4 million in 2016-17, would need to be reserved.

16. With respect to health insurance costs, certain assumptions are made in the reserve calculations regarding health care inflation for 2016 and 2017. In addition, the budget bill would reduce reserve funding that would otherwise have been provided to offset estimated increased health care costs during the upcoming biennium to reflect two recommendations: (a) permitting full- and part-time state employees who are eligible to receive health care coverage, other than graduate assistants, to elect not to receive health care coverage and instead receive a $2,000 annual payment (this issue is addressed in a separate budget paper); and (b) unspecified programmatic modifications to the state group health insurance program which provides health insurance to state employees in order to generate $25 million GPR in savings over the biennium.

17. Compensation reserves were reduced by $4,183,600 GPR in 2015-16 ($9,194,700 all funds), and $8,367,000 GPR in 2016-17 ($18,389,000 all funds) associated with the recommendation to permit state employees to opt-out of state health insurance coverage for a $2,000 annual payment. Compensation reserves were further reduced by $8.2 million GPR in 2015-16 ($18.2 million all funds), and $16.4 million GPR in 2016-17 ($36.4 million all funds) associated with unspecified changes to the state group health insurance program. The administration has not provided information as to how this level of reductions was determined.

18. Effective November 10, 2014, the Department of Employee Trust Funds (ETF) has entered into a contract with Segal Consulting to provide recommendations regarding changes to the state's group health insurance program. The consultant will produce two reports: a six-month report with 2016 plan year recommendations and a 12-month report with 2017 plan year recommendations. Some of the issues that will be addressed by the consultant in the broad-based review include: (a) consumer driven health care design, including expanded use of health savings accounts and expanded data collection to include not only cost but the quality of health care outcomes; (b) Affordable Care Act impacts; and (c) benefits and drawbacks to insured verses self-insured models for delivering health care.

19. Segal Consulting submitted a preliminary report on March 25, 2015. Building on this report, Segal Consulting will submit its six-month report to the Group Insurance Board (GIB) on May 19, 2015, and GIB has indicated that it will adopt final recommendations based on this May 19, 2015 report.

20. In its March 25, 2015, report Segal Consulting recommended: (a) introducing a $250

annual deductible and increasing the annual maximum out-of-pocket limit for single health maintenance organization (HMO) policies from $500 to $1,000; (b) introducing a $500 annual deductible and increasing the annual maximum out-of-pocket limit for family HMO policies from $1,000 to $2,000; (c) increasing the annual deductible from $200 to $500 and increasing the annual maximum out-of-pocket limit from $500 to $1,000 for a single policy under the standard plan; (d) increasing the annual deductible to $1,000 and increasing the annual maximum out-of-pocket limit to $2,000 for a family policy under the standard plan; (e) increasing the annual state contribution to health savings accounts (HSAs) for state employees under the high deductible health plan (HDHP) from $170 to $750 for a single policy; and (f) increasing the annual state contribution to HSAs for state employees under the HDHP to $1,500 for a family policy. Segal estimates that these changes, including increased deductibles and copays for state employees, could reduce state agency health care expenditures by $34.5 million annually.

21. Segal Consulting recommended for certain prescription drug levels shifting from fixed copays to a coinsurance approach where employees pay a percentage of the costs of prescription drugs up to specified caps. Segal estimated that this change could reduce state agency health care expenditures by $7 million in 2016. The consultant indicated that doubling the out-of-pocket limit for prescription drugs for employees could reduce state agency health care expenditures by $10 million annually.

22. It may be noted that the annualized value of the above changes identified by Segal Consulting would total $51.5 million. If the recommended opt-out payments would not generate reduced health care costs for the state group health insurance program, the combined total all funds reduction to the group health insurance program in 2016-17 under the budget bill totals $54,789,000. Further, increased costs to state employees above and beyond these recommendations may also occur as this does not account for health care inflation costs which will likely be passed on, in part, to state employees.

23. In its March 25, 2015, report, Segal Consulting also addressed the issue of the 40% excise tax or "Cadillac Tax" under the Affordable Care Act. Segal Consulting indicated that:

> Starting in 2018, the Affordable Care Act (ACA) will begin to impose a ceiling on the value of health benefits that can be provided to an employee or retiree on a pre-tax basis. This ceiling will be in the form of the 40% excise tax, sometimes referred to as the "Cadillac Tax", and will be assessed against health plans that provide a health benefit worth more than certain dollar amounts stated in the law.
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> The 40% excise tax is assessed on the total value of any health benefit plans provided to an employee or retiree through an employer plan that exceeds a threshold of $10,200 for single coverages and $27,500 for all other coverage tiers. In certain cases, the threshold amounts can be increased to $11,850 (single) and $30,950 (other coverage tiers) for retirees and employees in hazardous duty employment. The excise tax dollar thresholds are indexed to the Consumer Price Index for Urban Consumers (CPI-U) for years after 2018.
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> Because medical inflation has persisted at significantly higher rates than general inflation, it is expected that, at some point without changes that would reduce the total cost, nearly every employer health plan will reach and exceed the excise tax threshold.

The tax is based on the total cost for the health benefit programs, not on the value of the plans or the employer portion of the cost. For that reason, it is not possible for a plan to avoid the tax by shifting premium cost to the employee or retiree. Other changes must be made to stay under the tax thresholds.

Importantly, the excise tax applies to all health plans offered to employees and retirees, which will mean that other benefits that may or may not be administered by the Group Insurance Board will have to be included in the calculation of total cost. Those other plans include the State's Health Flexible Spending Accounts (FSAs), on-site health clinics, and potentially even the employee assistance program (EAP).

The IRS has not yet provided detailed guidance on how the 40% excise tax will work, but has begun to request comments on a number of key aspects of the tax. As the regulations are developed, the ways in which plans will need to adjust may change.

24. There are a number of preliminary observations that may be made in regards to the 40% excise tax under the ACA. First, it will not begin to apply to the state until 2018. Second, it is based on the total cost of health benefits, not on the employer portion of cost. As a result, shifting the cost of group health insurance coverage from state agencies to state employees, in and of itself, will not assist the state in reducing or avoiding the excise tax. Third, in planning for the excise tax there are still unknowns as the IRS has not yet developed its guidance as to how the 40% excise tax will be applied. Fourth, the ultimate impact of the excise tax may depend in large part on the rate of medical inflation. With a 4% annual medical inflation rate, and based on the consultant's current understanding as to how the IRS may apply the 40% excise tax, the 40% excise tax to be paid by the state could equal $39 million in 2027, or approximately 3.3% of estimated employer and employee health care premiums for 2015. Conversely, with a 6% annual medical inflation rate, and based on the consultant's current understanding as to how the IRS may apply the 40% excise tax, the 40% excise tax to be paid by the state could equal $193 million in 2027, or approximately 16.2% of employer and employee health care premiums for 2015.

25. In its March 25, 2015, report to GIB, Segal Consulting indicated that it believes that the state may be able to lower administrative expenses, eliminate certain ACA fees, eliminate most of the premium tax, and eliminate profit margins and risk charges currently assessed by HMOs and preferred provider plans (PPPs) if the state self-insures. The consultant estimated that the state could save from $50 to $70 million annually through self-insurance. Segal Consulting did note that, "if the plans are collapsed to fewer carriers to better allow more efficiency in self-insuring the program, there could be disruption to members [employees and annuitants] in providers currently available under a particular health plan."

26. If the state self-insured, rather than contracting with HMOs and PPPs to provide health care services to state employees, and tiering these plans based on their costs to lower monthly employee premiums for the most cost efficient plans and set higher monthly employee premiums for less cost efficient plans, the state would: (a) assume greater administrative oversight of the system that today is delegated to participating HMOs and PPPs; (b) contract directly with health care providers to provide services to state employees; and (c) assume the risk for cost overruns if costs come in over projections.

27. On October 26, 2012, Deloitte (ETF's predecessor actuary) provided a report on the possible financial impacts of self-insurance to GIB. In that report, Deloitte estimated that the financial impact of self-insuring for the state group health insurance program could range from annual savings of $20 million to annual increased costs of $100 million or more.

28. In a follow-up August, 2013, report to GIB, Deloitte found that switching to self-insurance offered the state the opportunity to achieve 4% to 5% in annual savings. However, the Deloitte report also noted that, "the current fully-insured arrangement operates under a unique and complex managed competition and tiering model. This model makes use of multiple HMOs and inherently drives competition between health plans to promote cost efficiency for the State. Without adequate safeguards and controls to maintain competition, the financial benefits to the state of the current model could be lost in changing to a self-insured arrangement. In addition, any transition from a fully-insured to a self-insured program introduces new dynamics. These dynamics relate to the volatility and uncertainty of claims within a self-insured environment." The report went on to find that, "the current managed competition and tiering program saves the State a minimum of 4-5% of premium. As a result, for any change to self-insurance to be advisable, the expected provider discount/reimbursement levels would need to be more favorable than realized by the current fully insured health plans, as the expected savings from avoiding fees and taxes under self-insurance is likely offset by the loss of savings currently being realized under the managed competition and tiering model. Additionally, the state absorbs significant risk under a self-insured arrangement if projected claims experience is understated where the current fully insured arrangement has no risk to the State."

29. Section 40.03(6)(a)2., of the statutes provides that GIB may wholly or partially on behalf of the state, "provide any group insurance plan on a self-insured basis in which case the group insurance board shall approve a written description setting forth the terms and conditions of the plan, and may contract directly with providers of hospital, medical or ancillary services to provide insured employees with the benefits provided under this chapter." However, s. 40.51(6) of the statutes provides that, "This state shall offer to all of its employees at least 2 insured or uninsured health care coverage plans providing substantially equivalent hospital and medical benefits, including a health maintenance organization or a preferred provider plan, if those health care plans are determined by the group insurance board to be available in the area of the place of employment and are approved by the group insurance board. The group insurance board shall place each of the plans into one of 3 tiers established in accordance with standards adopted by the group insurance board. The tiers shall be separated according to the employee's share of premium costs." Notwithstanding the authorization to self-insure under s. 40.03(6)(a)2., without a law change GIB would seem to still be required to operate under the requirements of s. 40.51(6) as well, which appears to be less consistent with a strict self-insured model.

30. The Committee could consider approving the Governor's recommendation to reduce compensation reserves for state agencies and the UW System by $12,383,600 GPR ($27,394,700 all funds) in 2015-16 and by $24,767,000 GPR ($54,789,000 all funds) in 2016-17, in order to: (a) incur possible savings associated with a proposal to permit eligible full- and part-time employees to elect not to receive state health care coverage in return for a $2,000 annual payment; and (b) make unspecified changes to the state group health insurance program. [Alternative 1]

31. Alternatively, as it is unclear what savings may actually accrue from the proposal to permit eligible full- and part-time employees to elect not to receive state health care coverage in return for a $2,000 annual payment, and as state costs might increase under the proposal, the Committee could reserve $4,183,600 GPR in 2015-16 and $8,367,000 GPR in 2016-17, in compensation reserve funding to state agencies and the UW System associated with the proposal. [Alternative 2] If the Committee deletes this proposal under the budget paper on "Annual Payments to Eligible Employees in Lieu of Health Insurance Coverage," but maintains the associated reduction to compensation reserves under Alternative 1, GIB would need to identify other changes to the group health insurance program during 2015-17 to generate the required savings.

32. In terms of the unspecified changes to the group health insurance program with associated compensation reserve funding reductions of $8.2 million GPR ($18.2 million all funds) in 2015-16, and $16.4 million GPR ($36.4 million all funds) in 2016-17, the administration indicated that, "The decision was made to not have specific savings directives for the state health insurance program and to instead set a savings target for the GIB. The GIB will work with the benefits consultant to determine which methods will be used. The consultant is an actuary that was hired to develop a proposal and identify possible programmatic changes. The consultant will provide analysis as to how the reductions will affect employees and the program. The GIB will make final decisions on what changes will be made. By not giving the GIB specific directives, it retains maximum flexibility to determine what will be best for the state, the employees, and the program."

33. In addition, in the Executive Budget Book, the Governor indicated that:

> As is true with many large organizations, fringe benefits costs constitute a large percentage of state agencies' operating budgets. While fully funding projected increases in fringe benefits costs, the budget assumes savings of $25 million over the biennium related to containing costs in state employee health care. According to a recent report by the Pew Charitable Trusts, Wisconsin state employees have one of the richest health insurance plans in the country, and pay among the highest premiums for that coverage. With that in mind, the Governor is requesting the Group Insurance Board, working with a recently hired benefit consultant, to make appropriate changes in order to realize efficiencies and savings within the program.

34. As a result, the Committee could approve the Governor's recommendation to make unspecified reductions to the group health insurance program. [Alternative 1] On the other hand, given the potential impact to the program and state employees of these as yet, unspecified reductions, the Committee could reserve $8.2 million GPR in 2015-16, and $16.4 million GPR in 2016-17, associated with the proposal. [Alternative 3] The Committee could also conclude that while unspecified reductions to the group health insurance program should proceed, the level of reductions should be adjusted. Alternatives 4, 5, and 6, would restore 75%, 50%, and 25% respectively of the unspecified funding recommendations made by the Governor. Alternative 4 would reserve $6,150,000 GPR in 2015-16, and $12.3 million GPR in 2016-17, associated with the proposal (75% restoration of unspecified reduction funding). [Alternative 4] Alternative 5 would reserve $4.1 million GPR in 2015-16, and $8.2 million GPR in 2016-17, associated with the proposal (50% restoration of unspecified reduction funding). [Alternative 5] Alternative 6 would reserve $2,050,000 GPR in 2015-16, and $4.1 million GPR in 2016-17, associated with the proposal

(25% restoration of unspecified reduction funding). [Alternative 6]

35. The Committee could also conclude that given the recommended reductions to the group health insurance program, the likely impact of these reductions on the program and state employees, and the programmatic changes being considered for the program, that GIB should be required to submit all recommended annual changes to the administration of the group health insurance program to the Joint Committee on Finance for review and approval under a 14-working day passive review process (beginning with any recommended changes for calendar year 2016). [Alternative 7]

36. Finally, as previously indicated, the amount set aside in the general fund condition statement for compensation reserves is an estimate of what might be needed to supplement agency budgets for salary and fringe benefit adjustment purposes. Whatever amount that is reserved that is not necessary, it will lapse to the general fund. If the amount is insufficient agencies will need to meet these costs from within their base budgets, as will likely be the case in 2014-15.

ALTERNATIVES

1. Approve the Governor's recommendations for compensation reserve funding for 2015-17.

2. Reserve $4,183,600 GPR in 2015-16 and $8,367,000 GPR in 2016-17, in compensation reserve funding to state agencies and the UW System. [In combination with deleting the recommendation to offer eligible state employees a $2,000 annual payment if they elect to not receive state health care coverage, this alternative would restore compensation reserve funding that was reduced as a part of the initiative.]

ALT 2	Change to Bill
GPR	$12,550,600

3. Reserve $8.2 million GPR in 2015-16 and $16.4 million GPR in 2016-17, in compensation reserve funding to state agencies and the UW System. [This alternative would fully restore the unspecified reduction funding.]

ALT 3	Change to Bill
GPR	$24,600,000

4. Reserve $6,150,000 GPR in 2015-16 and $12.3 million GPR in 2016-17, in compensation reserve funding to state agencies and the UW System. [This alternative would restore 75% of the unspecified reduction funding.]

ALT 4	Change to Bill
GPR	$18,450,000

5. Reserve $4.1 million GPR in 2015-16 and $8.2 million GPR in 2016-17, in compensation reserve funding to state agencies and the UW System. [This alternative would restore 50% of the unspecified reduction funding.]

ALT 5	Change to Bill
GPR	$12,300,000

6. Reserve $2,050,000 GPR in 2015-16 and $4.1 million GPR in 2016-17, in compensation reserve funding to state agencies and the UW System. [This alternative would restore 25% of the unspecified reduction funding.]

ALT 6	Change to Bill
GPR	$6,150,000

7. Require that the Group Insurance Board submit all recommended annual changes to the administration of the group health insurance program to the Joint Committee on Finance for review and approval under a 14-working day passive review process (beginning with any recommended changes for calendar year 2016).

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