

Agency Name:	Public Employee Benefit Authority		
Agency Code:	F500	Section:	108



Fiscal Year FY 2025-2026

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.



CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	John Pannell	(803) 737-4675	jpannell@peba.sc.gov
SECONDARY CONTACT:	Travis Turner	(803) 734-0574	tturner@peba.sc.gov

I have reviewed and approved the enclosed FY 2025-2026 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:	 9/16/2024	 9/17/24
TYPE/PRINT NAME:	Peggy G. Boykin	Joe W. "Rocky" Pearce

This form must be signed by the agency head – not a delegate.

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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Request for additional employer contributions authorization	0	0	0	4,000,000	4,000,000	0.00	0.00	0.00	0.00	0.00
TOTALS			0	0	0	4,000,000	4,000,000	0.00	0.00	0.00	0.00	0.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Request for additional employer contributions authorization
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$0 Federal: \$0 Other: \$4,000,000 Total: \$4,000,000
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>This funding request applies to all the strategies from the accountability report as it is related to the funding of employee benefits. Without the ability to provide employee benefits, PEBA would not be able to hire and retain the necessary employees to implement those strategies and meet its goals.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	<p>These funds would be received by the State Health Plan, State Dental Plan, the South Carolina Retirement System, and the Optional Retirement Program. A portion of these funds would also be received by the US Federal Government in the form of payroll</p>
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FUNDS

taxes.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

**JUSTIFICATION OF
REQUEST**

Other than the PEBA:Connect IT system project, PEBA has not requested additional budget authorization since the agency was formed in FY 2013. In FY 2013, the amount spent shown on the employer contributions line of the budget was \$4,070,293. By FY 2024, this amount had grown to \$7,811,270, a 92% increase. This was mainly due to the increase in the employer portions of retirement system contributions and insurance premiums. Across the board salary increases have also contributed to this increase in the form of increased payroll taxes and increased retirement contributions. If additional budget authorization is not received, PEBA would not be able to meet its obligation for State employee benefits.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$3,371,062
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What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	N/A. No agency FTEs are funded with General Funds.
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	<p>PEBA’s General Fund appropriations are statewide items and governed by statutes.</p> <p>PEBA does not control the amount of these appropriations and must pay out all funds that are received. However, based on actual amounts for FY24, PEBA believes that if necessary, reductions might be realized for Retirement Supplement State Employees (FY24 appropriation of \$233,258, actual payments of \$65,860), Retirement Supplement - Public School Employees (FY24 appropriation of \$199,855, actual payments of \$57,955), and Retirement Supplement Police Officers (FY24 appropriation of \$17,506, actual payments of \$4,169). However, based on FY24 actual payments, it may be difficult to achieve a full 3% reduction over these categories. The other categories comprising most of the General Fund Appropriation (SCRS Trust Fund, PORS Trust Fund, Nation Guard Pensions, and OPEB Trust) cannot be reduced per statute.</p>
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What programs or activities are supported by the General Funds identified?

SUMMARY	<p>PEBA does not control the level of these General Fund appropriations and must distribute all funds collected.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

**AGENCY COST
SAVINGS PLANS**

PEBA does not control the level of these General Fund appropriations and must distribute all funds collected.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Cost avoidance for the State Health Plan through cost initiatives and plan design changes
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	PEBA continually evaluates and implements State Health Plan design changes to maximize potential cost savings for members and their employers.
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input checked="" type="checkbox"/>	Other
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<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
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<input checked="" type="checkbox"/>	Other								

METHOD OF CALCULATION	Estimated costs are determined using cost projections with current plan provisions versus cost projections for provisions proposed for the next plan year.
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	NA
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	NA
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>The South Carolina Public Employee Benefit Authority works continually with its vendors to identify ways to avoid additional costs to the State Health Plan. Ever increasing health care costs challenge budgets everywhere, but the State Health Plan remains a comprehensive and affordable option for South Carolina's public employers and employees, as well as taxpayers. This focus on cost avoidance serves the Plan, and our state's taxpayers, well. The Plan compares quite favorably overall with national health plan cost trends.</p> <p>National Cost Trend Estimates in Comparison to State Health Plan</p> <table border="1"> <thead> <tr> <th></th> <th><u>National Benchmark</u></th> <th><u>SHP Net Trend</u></th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>6.7%</td> <td>2.5%</td> </tr> <tr> <td>2020</td> <td>5.6%</td> <td>3.7%</td> </tr> <tr> <td>2021</td> <td>7.9%</td> <td>7.3%</td> </tr> <tr> <td>2022</td> <td>6.2%</td> <td>1.1%</td> </tr> <tr> <td>2023</td> <td>7.3%</td> <td>7.5%</td> </tr> <tr> <td>5 year average</td> <td>6.7%</td> <td>4.4%</td> </tr> </tbody> </table>		<u>National Benchmark</u>	<u>SHP Net Trend</u>	2019	6.7%	2.5%	2020	5.6%	3.7%	2021	7.9%	7.3%	2022	6.2%	1.1%	2023	7.3%	7.5%	5 year average	6.7%	4.4%
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?