

**Role and Overview**

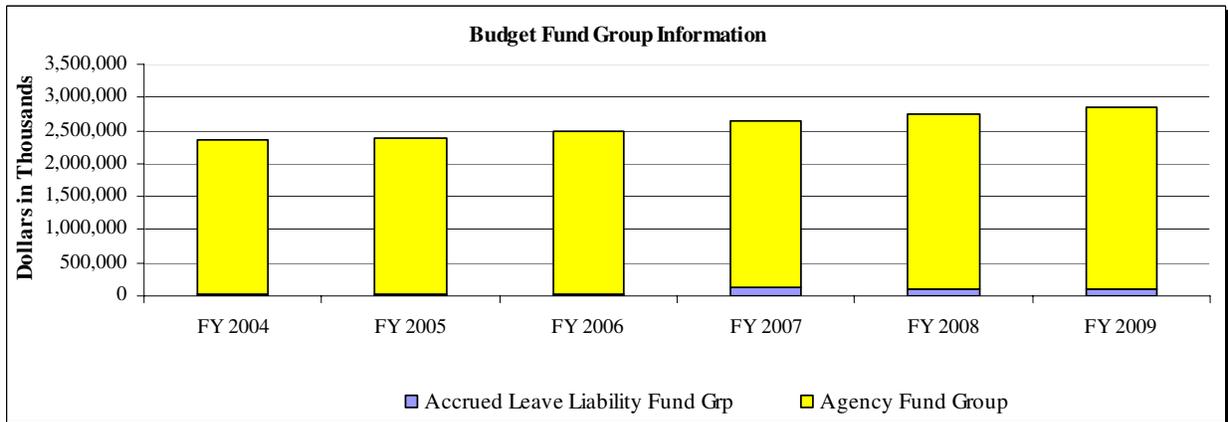
Employee Benefits Funds (PAY) is a budget presentation convention that deals with eight separate funds. These funds account for various transactions related to the benefits of state employees. The fiscal year 2008-2009 biennium budget presentation changes the name of this agency from “Accrued Leave Liability Fund Group” to “Employee Benefits Funds.” The updated agency name reflects the Central Accounting System code for this group of specialized funds. The name change is being made because Employee Benefits Funds no longer accounts solely for the accrued leave liabilities of the state, but also accounts for the cost of state employee benefits.

The eight funds shown on the budget tables for PAY are appropriated to and administered by the Department of Administrative Services (DAS). The funds are shown here rather than in the DAS budget in order to highlight the role they play in the centralized payment and accounting of these benefits. The funds receive revenue from agency payroll accounts, or from eligible participants, when payrolls are processed. The amounts received are based on payroll charges and payroll deductions. Disbursements are made from the health and life insurance funds to service providers, insurance providers, third-party administrators, and consultants such as auditors and actuaries. Disbursements from the leave funds and spending accounts are made primarily to eligible employees. Disbursements from the Disability Leave Fund include benefits to recipients and payments to actuarial and medical consultants reviewing disability claims. Disbursements from the payroll deductions fund include payments for various employee benefits and taxes owed to federal, state, and local taxing jurisdictions.

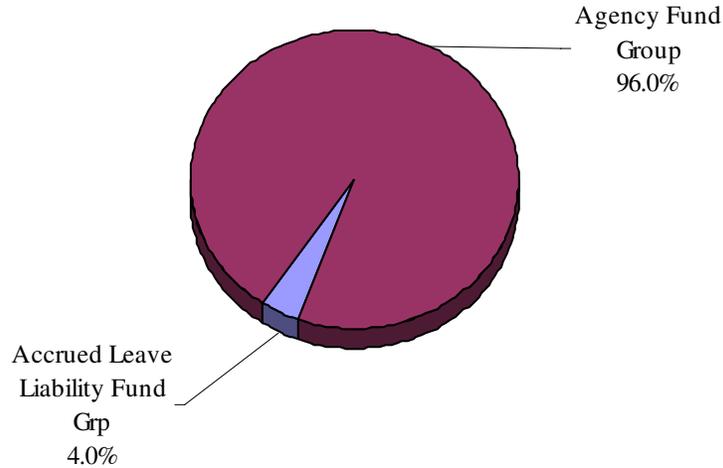
**Agency Priorities**

- Ensure that adequate revenues to fund all benefit programs are collected via charges to agencies and employees.
- Ensure that all required payments are made to vendors, employees, retirement programs, and taxing authorities on a timely basis.

**Summary of Budget History and Recommendations**

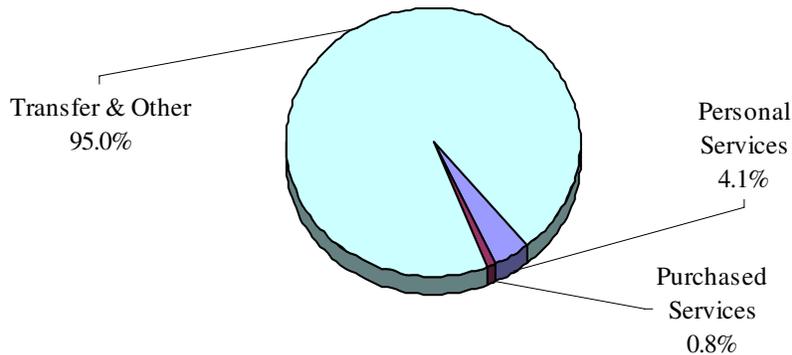


**FY 2008-09 Biennial Appropriation  
by Budget Fund Group**



(In thousands) BUDGET FUND GROUP	ACTUAL			ESTIMATE	% CHANGE	RECOMMENDED			
	FY 2004	FY 2005	FY 2006	FY 2007	FY 06-07	FY 2008	% CHANGE	FY 2009	% CHANGE
Accrued Leave Liability Fund Grp	22,551	21,256	26,765	128,906	381.6	109,689	(14.9)	115,349	5.2
Agency Fund Group	2,324,789	2,366,777	2,472,186	2,505,163	1.3	2,645,318	5.6	2,747,357	3.9
<b>TOTAL</b>	<b>2,347,339</b>	<b>2,388,033</b>	<b>2,498,952</b>	<b>2,634,069</b>	<b>5.4</b>	<b>2,755,007</b>	<b>4.6</b>	<b>2,862,705</b>	<b>3.9</b>

**FY 2008-09 Biennial Appropriation  
by Expense Category\***



\*Categories of expense accounting for less than 0.0% are not shown.

**State of Ohio**  
**Employee Benefits Funds**

(In thousands) OBJECT OF EXPENSE	ACTUAL			ESTIMATE	%	RECOMMENDED			
	FY 2004	FY 2005	FY 2006	FY 2007	CHANGE	FY 2008	%	FY 2009	%
Personal Services	68	56	36	69,006	91,073.3	113,249	64.1	119,148	5.2
Purchased Services	443	3,021	7,423	12,408	67.1	20,687	66.7	25,683	24.1
Maintenance	0	4	14	20	46.5	20	.0	20	.0
Transfer & Other	2,346,829	2,384,952	2,491,478	2,552,635	2.5	2,621,051	2.7	2,717,855	3.7
<b>TOTAL</b>	<b>2,347,339</b>	<b>2,388,033</b>	<b>2,498,952</b>	<b>2,634,069</b>	<b>5.4</b>	<b>2,755,007</b>	<b>4.6</b>	<b>2,862,705</b>	<b>3.9</b>

**PROGRAM SERIES 01: Health Insurance Benefits**

The Health Insurance Benefits Program Series consists of six programs that provide medical, dental, vision, and life insurance coverage for current and former state employees. Claims costs for all programs in this series are paid from the State Employee Health Benefit Fund.

**Program 01.01: Ohio Med – Self-Insured PPO**

This program pays the claims costs of the state’s self-insured, preferred provider organization (PPO) health insurance program known as Ohio Med. This plan is administered by Medical Mutual of Ohio.

**The Executive Recommendation will:**

- Pay state employee health insurance claims and administrative costs for more than 30,000 employees enrolled in the Ohio Med PPO.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	808	995-668	State Employee Hlth Bnft Fund	346,943,031	383,934,167
<b>TOTAL FOR PROGRAM</b>				<b>346,943,031</b>	<b>383,934,167</b>

**Program 01.02: Self-Insured HMOs**

This program pays the claims costs of the state’s five self-insured, health maintenance organization (HMO) health insurance programs from which state employees can select. Currently available plans are administered by Aetna and United Healthcare.

**The Executive Recommendation will:**

- Pay state employee health insurance claims and administrative costs for those enrolled in one of the HMO programs.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	808	995-668	State Employee Hlth Bnft Fund	125,718,231	139,104,965
<b>TOTAL FOR PROGRAM</b>				<b>125,718,231</b>	<b>139,104,965</b>

State of Ohio  
**Employee Benefits Funds**

**Program 01.03: Dental Insurance**

This program pays the benefits costs for the state's two dental insurance programs for state employees not covered by the Ohio Civil Service Employees Association (OCSEA) benefits trust. Currently available plans are provided by Delta Dental.

**The Executive Recommendation will:**

- Pay the cost of dental insurance for state employees not covered by the Ohio Civil Service Employees Association benefits trust.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	808	995-668	State Employee Hlth Bnft Fund	12,584,988	13,178,213
<b>TOTAL FOR PROGRAM</b>				<b>12,584,988</b>	<b>13,178,213</b>

**Program 01.04: Vision Insurance**

This program pays the benefits costs for the state's two vision insurance programs for state employees not covered by the OCSEA benefits trust. Currently available plans are provided by Vision Service Plan and EyeMed Vision Care.

**The Executive Recommendation will:**

- Pay the cost of vision insurance for state employees not covered by the Ohio Civil Service Employees Association benefits trust.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	808	995-668	State Employee Hlth Bnft Fund	2,322,246	2,365,936
<b>TOTAL FOR PROGRAM</b>				<b>2,322,246</b>	<b>2,365,936</b>

**Program 01.05: Managed Mental Health**

Separate from the individual health plans, this program pays the premiums for the state's carve-out insurance program for mental health and substance abuse services. This plan is administered by United Behavioral Health.

**The Executive Recommendation will:**

- Pay the cost of insurance for mental health and substance abuse services for state employees.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	808	995-668	State Employee Hlth Bnft Fund	11,551,547	12,207,508
<b>TOTAL FOR PROGRAM</b>				<b>11,551,547</b>	<b>12,207,508</b>

**Program 01.06: COBRA**

This program pays the claims costs for former state employees who opt to continue their health insurance, while paying the full monthly premium, for up to 18 months following the end of their state service.

**The Executive Recommendation will:**

- Pay state employee health insurance claims and administrative costs, pursuant to federal law, for those extending their state coverage at their own cost for up to 18 months following the end of their state service.

State of Ohio  
Employee Benefits Funds

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	808	995-668	State Employee Hlth Bnft Fund	119,957	131,953
<b>TOTAL FOR PROGRAM</b>				<b>119,957</b>	<b>131,953</b>

**PROGRAM SERIES 02: Life Insurance Benefits**

The Life Insurance Benefits Program Series consists of one program that provides life insurance coverage for state employees that are exempt from collective bargaining.

**Program 02.01: Life Insurance Benefits**

The Life Insurance Investment Fund is used to pay the premiums for the state's group life insurance benefit program for exempt employees.

**The Executive Recommendation will:**

- Pay the premium for the state's group life insurance benefit program for exempt employees.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	810	995-670	Life Insurance Invest Fnd	2,113,589	2,229,834
<b>TOTAL FOR PROGRAM</b>				<b>2,113,589</b>	<b>2,229,834</b>

**PROGRAM SERIES 03: Paid Leave Funds/Programs**

The Paid Leave Funds/Programs Program Series consists of three programs that provide for accrued, disability, and parental leave payments for eligible State of Ohio employees.

**Program 03.01: Accrued Leave**

Upon termination from state service due to retirement or separation, the Accrued Leave Liability Fund provides for the payment to employees of accrued vacation, sick, and personal leave. In addition, payments for certain amounts of unused sick and personal leave are made to active employees, at their option, during an annual December conversion opportunity.

**The Executive Recommendation will:**

- Make payments to fund employees' accrued leave cash outs.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
ALF	806	995-666	Accrued Leave Fund	69,584,560	76,038,787
<b>TOTAL FOR PROGRAM</b>				<b>69,584,560</b>	<b>76,038,787</b>

**Program 03.02: Disability Leave**

The State Employee Disability Leave Benefit Fund provides disability and income protection for non-job related disabilities to eligible state employees.

**The Executive Recommendation will:**

- Make payments to fund employees' disability leave payments.

State of Ohio  
**Employee Benefits Funds**

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
ALF	807	995-667	Disability Fund	40,104,713	39,309,838
<b>TOTAL FOR PROGRAM</b>				<b>40,104,713</b>	<b>39,309,838</b>

**Program 03.03: Parental Leave**

The Parental Leave Benefit Fund is used to make payments to eligible employees using parental leave to care for newborn or adopted children.

**The Executive Recommendation will:**

- Make payments to fund employees' parental leave payments, by which eligible employees receive a percentage of their pay for four weeks after an initial 14-day waiting period immediately following the birth or adoption of a child.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	811	995-671	Parental Leave Benefit Fund	3,994,806	4,234,495
<b>TOTAL FOR PROGRAM</b>				<b>3,994,806</b>	<b>4,234,495</b>

**PROGRAM SERIES 04: Health and Dependent Care Spending Accounts**

The Health and Dependent Care Spending Accounts Program Series consists of two programs that provide for the pre-tax deduction and subsequent repayment for health care and dependent care expenses to eligible employees who elect to participate.

**Program 04.01: Dependent Care Spending Account**

The Dependent Care Spending Account Fund enables eligible employees to set aside pre-tax money for work-related dependent care expenses. Funds are deducted from employees' wages each pay period. Account holders can then withdraw their funds on a tax-free basis as often as every two weeks. A qualifying dependent may be any child under the age of 13, a disabled child of any age who requires care, a parent requiring care and living in the employee's home, or a spouse or relative who is physically and/or mentally incapable of self-care.

**The Executive Recommendation will:**

- Make transfer payments to fund employees' tax-exempt dependent care expenses.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	809	995-669	Dependent Care Spending Acct	2,969,635	2,969,635
<b>TOTAL FOR PROGRAM</b>				<b>2,969,635</b>	<b>2,969,635</b>

**Program 04.02: Health Care Spending Account**

The Health Care Spending Account Fund enables eligible employees to set aside pre-tax money for out-of-pocket health care expenses not covered by insurance. Funds are deducted from employees' wages each pay period. Account holders can then withdraw their funds on a tax-free basis as eligible expenses are incurred. The program was initiated in January 2005.

**State of Ohio**  
**Employee Benefits Funds**

**The Executive Recommendation will:**

- Make transfer payments to fund employees' tax-exempt health care expenses paid from wage deductions up to \$2,000 in 2007 and \$3,000 in 2008.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	813	995-672	Health Care Spending Account	12,000,000	12,000,000
<b>TOTAL FOR PROGRAM</b>				<b>12,000,000</b>	<b>12,000,000</b>

**PROGRAM SERIES 05: Payroll Deductions**

This program series provides a centralized mechanism for collecting and disbursing all state agency and employee payroll deductions. The series is new to PAY for the 2008-2009 Executive Budget, having been moved from the DAS Human Resources Program Series.

**Program 05.01: Payroll Deductions**

For processing efficiencies, agency and employee payroll deductions are collected into a single fund. Transfers or payments for approximately 1,000 payroll deductions are then made to other funds, government jurisdictions, and vendors. Payments are made for retirement contributions, insurance premiums, deferred compensation withholdings, and credit union account deposits, as well as federal, state, and local taxes.

**The Executive Recommendation will:**

- Administer a pass-through fund to centralize the payment of all state agency and employee payroll deductions, including retirement; health, dental, vision, and life insurance; union dues; deferred compensation; credit unions; and federal, state, local, and school district income taxes.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
AGY	124	995-673	Payroll Deductions	2,125,000,000	2,175,000,000
<b>TOTAL FOR PROGRAM</b>				<b>2,125,000,000</b>	<b>2,175,000,000</b>

**Appropriation Line Item Analyses for Fiscal Years 2008 and 2009**

**Line Item Notes**

995-667, Disability Fund: Because of disability program changes agreed upon in collective bargaining, state costs for employee disability benefits are expected to decline. For additional information, please refer to Program 03.02, Disability Leave.

995-672, Health Care Spending Account: Continuation of the current \$12 million appropriation will give this program begun in fiscal year 2005 room to mature. In addition, increasing maximum employee deductions will also contribute to higher expenditures. For additional information, please refer to Program 04.02, Health Care Spending Account.

## LINE ITEM SUMMARY - Accrued Leave Liability

FUND	ALI	ALI TITLE	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 RECOMMENDED	% CHANGE	FY 2009 RECOMMENDED	% CHANGE
806	995-666	Accrued Leave Fund	21,439,499	20,826,000	24,032,449	77,950,372	69,584,560	(10.7)	76,038,787	9.3
807	995-667	Disability Fund	1,111,349	429,972	2,732,975	50,955,496	40,104,713	(21.3)	39,309,838	(2.0)
<b>TOTAL Accrued Leave Liability Fund Grp</b>			<b>22,550,848</b>	<b>21,255,972</b>	<b>26,765,424</b>	<b>128,905,868</b>	<b>109,689,273</b>	<b>(14.9)</b>	<b>115,348,625</b>	<b>5.2</b>
124	995-673	Payroll Deductions	1966,254,440	2006,912,680	2061,318,876	2050,000,000	2125,000,000	3.7	2175,000,000	2.4
808	995-668	State Employee Hlth Bnft Fund	353,668,187	354,977,508	404,783,595	441,464,535	499,240,000	13.1	550,922,742	10.4
809	995-669	Dependent Care Spending Acct	2,769,729	2,560,104	2,664,591	2,969,635	2,969,635	.0	2,969,635	.0
810	995-670	Life Insurance Invest Fnd	1,851,438	1,868,227	1,922,909	2,031,381	2,113,589	4.0	2,229,834	5.5
811	995-671	Parental Leave Benefit Fund	244,730	35,667	181,691	4,282,860	3,994,806	(6.7)	4,234,495	6.0
813	995-672	Health Care Spending Account	0	423,177	1,314,554	4,414,389	12,000,000	171.8	12,000,000	.0
<b>TOTAL Agency Fund Group</b>			<b>2324,788,524</b>	<b>2366,777,363</b>	<b>2472,186,216</b>	<b>2505,162,800</b>	<b>2645,318,030</b>	<b>5.6</b>	<b>2747,356,706</b>	<b>3.9</b>
<b>TOTAL Accrued Leave Liability</b>			<b>2347,339,372</b>	<b>2388,033,335</b>	<b>2498,951,640</b>	<b>2634,068,668</b>	<b>2755,007,303</b>	<b>4.6</b>	<b>2862,705,331</b>	<b>3.9</b>