

**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 19, 2025

Agency Submitting: Public Employees' Benefits Program

Items of Revenue or Expense, or Both	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Effect on Future Biennia
(Expense)			\$1,024,975	\$2,486,075
Total	0	0	\$1,024,975	\$2,486,075

Explanation

(Use Additional Sheets of Attachments, if required)

The agency has reviewed AB188 and determined there is fiscal impact to the Public Employees' Benefits Program. PEBP's Other Post Employment Benefits (OPEB) liability would immediately increase by approximately 12.26% or \$179 million, in the first year and approximately 3.5% per year thereafter.

Due to the expected increase in the number of retirees and family members PEBP estimates four additional staff are required to manage the subsequent workload; One Management Analyst I each in the Quality Control Unit and the Fiscal Unit, and one Administrative Assistant III each in the Member Services Unit and the Eligibility Unit. In addition, administrative fees along with claims costs are also expected to increase.

The upcoming biennium costs are expected to increase \$1,024,974.67. This assumes new staff beginning on 10/01/25 and includes administrative and other associated costs for additional retirees coming on the plan. The following biennium is expected to increase by \$2,486,074.68. Claims costs increases are being projected using the State's medical inflation rate from FY2026 of 3.55%.

Name Celestena Glover  
 Title Executive Officer

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

Date Tuesday, February 18, 2025

The agency's response appears reasonable.

Name Tiffany Greenameyer  
 Title Director, Governor's Finance Office