

SAM - BUDGETING

STAFF BENEFITS

6412

(Revised 9/2010)

State contributions to the Public Employees' Retirement Fund, Old Age and Survivor Insurance, State Employees' Health Benefits, and Worker's Compensation for state officers and employees will be combined and entered immediately following "Net Totals, Salaries and Wages" in the "Expenditures by Category." The item will be entitled "Staff Benefits" and will show the total contributions by year. Estimates will be prepared in accordance with instructions in the Annual Price Letter and Budget Letters. For the past year, the amount of actual contributions may be taken from the appropriate allotment expenditure account.

1. The Public Employees' Retirement component includes all state contributions for state employees covered under the Public Employees' Retirement System (Government Code Sections 20000 through 21765). Estimates of the amount of contributions are prepared according to the Annual Price and Budget Letters.
2. The Old Age and Survivors' Insurance data include all state contributions for state employees covered under the Federal System (Government Code Sections 22000 through 22603). Estimates of the amount of contributions are prepared according to the Annual Price and Budget Letters.
3. The State Employees' Health Benefits component includes all state contributions for state employees enrolled under any approved health benefit plan (Government Code Sections [22750 through 22944](#)). Costs of payments for health and welfare for nonpermanent, prevailing rate employees as authorized by Government Code Section [19830](#) will be applied as operating expenses. Estimates of the amount of contributions are prepared according to the Annual Price and Budget Letters.
4. Workers' Compensation for state officers and employees is budgeted as an item of Staff Benefits.

State entities that carry Workers' Compensation policies with the State Compensation Insurance Fund will not budget **additional** funds for Workers' Compensation benefits. They will continue to budget funds for payments of premiums that will be included as a part of Staff Benefits.

Because of the nature of this type of expense, some agencies may have to rely upon certain subjective factors in computing requirements. Departments should prepare estimates taking into consideration all pertinent factors, particularly those which might result in a difference in cost from that experienced in past years. Accident and injury experience loss rates, changes in working conditions affecting risk exposure, changes in number of employees and salary rates are examples of areas that can fluctuate yearly.

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SAM - BUDGETING

(Continued)

STAFF BENEFITS

6412 (Cont. 1)

(Revised 9/2010)

If a department is proposing additional funding for staff benefits, a BCP must be submitted to Finance. Any BCP must meet the guidelines and policy provided by Finance through Budget Letters or other notification process. If no variation is expected, the following method may be used in computing Workers' Compensation Insurance expense:

1. Determine total Workers' Compensation Insurance expenses for departmental employees for each of the past three years. This information is available from the Compensation Insurance Fund.
2. Determine total salaries and wages paid to departmental employees for each of the past three years excluding staff benefits.
3. Divide the total expenses for three years by total salary and wages for three years to determine the ratio of Workers' Compensation Insurance expenses to salaries and wages. Apply this ratio to the total salaries and wages estimated to be required for the budget and current years to determine the amount required.