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JOY GRIMMER
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AGENDA ITEM

Action Item

Information Only

Date: July 25, 2024
Item Number: 8
Title: PEBP Agency Request Budget 2025-2027 Biennium

SUMMARY

This report provides updates on budget direction and proposed budget recommendations for PEBP’s Agency Request Fiscal Year 2026/2027 Budget submission.

REPORT

BACKGROUND

NRS 353.150 - NRS 353.246, also known as the State Budget Act, outlines the biennial budget process. Pursuant to Assembly Bill 346, NRS 353.211 and 353.230 were amended to include language for the definition of “adjusted base budget” as the amount appropriated or authorized to support ongoing expenditures budgeted to the agency by the Legislature for the second year of the current biennium, as adjusted for removal of one-time costs. Previously “adjusted base budget” was actual expenditures of the even numbered year of the current biennium less any one-time costs.

In accordance with the State Budget Act, all agencies must complete the data entry of their 2025-2027 Agency Request Budget into the Nevada Executive Budgeting System (NEBS) by 4:00PM on Friday, August 30, 2024. This is a statutory deadline (NRS 353.210) which cannot be changed or extended.

BUDGET DIRECTION

During the statewide budget kickoff meeting in March, agencies were given direction to build their FY26/27 agency request budget using two times the FY25 cap as adjusted. Cap is the 2nd

year of the biennium which is a change from previous years. With this direction PEBP is building a “flat” budget; however, maintenance decision units will be allowed for caseload growth (projected enrollment of active and retired employees) and agency specific inflation (trend and experience which will affect the overall rates set for each plan and tier offered by PEBP) as approved by the Budget Division. As in past years PEBP is collaborating with our actuary vendor Segal to forecast the FY26/27 budget needs based on the current plan designs utilizing trend and experience both within PEBP as well as with similar plans across the Segal book of business.

AGENCY SPECIFIC INFLATION

PEBP’s primary concern is sufficient funding through employer contributions to mitigate potential increases to employee premiums without reducing benefits within the plan offerings. The last two years of claims experience indicates the PEBP will need to request an increase in funding to fund expected claims expenses. This translates to higher premiums and subsidies for all tiers and plans. Staff will work with the Governors Finance Office and the appropriate money committees to educate individuals on the needs of PEBP and the importance of its services to our members. In addition, restoration of the basic life insurance cut in previous years was funded through a general fund appropriation. As part of the benefit offering, it is important to maintain consistent basic life insurance benefits. This will be considered in our agency request budget and request for increased funding.

BUDGET ENHANCEMENTS

Budget enhancements requested by state agencies must meet the Governor’s 3-Year Plan Policy Matrix.

1. Education and Workforce
2. Economic growth and business development
3. Health and wellness
4. Public safety and infrastructure
5. Government support services
6. Rural and natural resources

PEBP currently has no recommendations for major budget enhancements but will be requesting new equipment and software to add TEAMS and ZOOM meeting capabilities to the PEBP conference room in the executive suite to enable accessibility for joint meetings with agencies in multiple locations.

RECOMMENDATIONS

Approve the submission of PEBP’s agency request budget based on existing plan benefit design and 2) include the enhancement request for new equipment and software to enhance meeting capabilities within the PEBP conference room.