

COLA COSTS AS RELATED TO THE GF BUDGET & the UAL

The COLA bill from 2019 (HB 2100, SB 74) had the following projected costs:

- An increase in the UAL of \$185.7 million (the cost to pre-fund the COLA)
- A cost of \$17.31 million to amortize the COLA over 15 years.

In the Governor's FY 2021 budget recommendation State General Fund expenditures total \$7.8 billion.

- If the COLA were pre-funded, the total cost would be 2.4% of the entire State General Fund budget.
- If the COLA were amortized over 15 years, the first-year cost of the COLA would be 0.22% of the entire State General Fund budget.

As of 12/31/2018, the total System had an unfunded actuarial liability of \$9.2 billion.

- The increase in the unfunded actuarial liability to pre-fund the COLA would be 2.0% of the current unfunded actuarial liability.
- The first-year payment on a 15-year amortization of the COLA does not change the impact of the COLA on the unfunded actuarial liability. However, dividing the first-year cost by the total unfunded actuarial liability is 0.19%.