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## Correspondence Memorandum

**Date:** June 3, 2025  
**To:** Deferred Compensation Board  
**From:** Tarna Hunter, Director  
Office of Budget and Management  
**Subject:** 2025-2027 Biennial Budget Update and Legislative Update

**This memo is for informational purposes only. No Board action is required.**

### ETF's 2025-2027 Biennial Budget Request

The 2025–2027 Budget Bill, [2025 AB 50](#) and [2025 SB 45](#), were introduced by the Joint Committee on Finance (JCF) on February 18, 2025, at the request of the Governor. The JCF has spent the last few months reviewing and making modifications to the budget bill. The JCF took action on ETF's budget during their May 29 executive session.

After JCF is finished making changes to the budget, the Legislature is expected to make modifications to the budget and will deliver an amended budget bill to the Governor for review, approval and/or partial veto of the budget to be effective July 1, 2025. ETF will continue monitoring the budget bill and provide updates as necessary.

### The JCF included the following provisions impacting ETF in the budget bill:

- **Full Funding of Salary and Fringe Benefits** – Continues full funding of ETF's current operations. The proposed ETF 2025-27 budget consists of an overall funding increase of approximately 55%.
- **Pension Administration Replacement Project** – Provides one-time funding of \$71,000,000 to support the replacement of ETF's antiquated Pension Administration System.
- **Vacant Position** – Deletes 1.0 FTE Trust Fund Specialist position that has been vacant for more than 12 months.

*Pamela L. Henning*

Reviewed and approved by Pam Henning, Assistant Deputy Secretary  
Electronically Signed 06/03/2025

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**The JCF removed the following provisions impacting ETF from budget bill:**

- **Critical Customer Support Needs** – Provides 2.0 FTE Trust Fund Specialist (permanent) positions to maintain basic, critical customer service functions for members to help address increased demand for member support services.
- **Actuarial Compliance and Reporting** – Provides 1.0 FTE Actuarial Analyst (permanent) position to fulfill ETF's actuarial responsibilities related to actuarial valuations and financial reporting.
- **Internal Auditor** – Provides 1.0 FTE Auditor Advanced (permanent) position. Creates the Office of Internal Audit attached to ETF. The bill requires the ETF Board to appoint an internal auditor and internal audit staff within the classified service who report directly to the ETF Board. ETF's internal auditor and staff shall continue to serve until the ETF Board makes an appointment under this provision.

**The following budget bill provisions were proposed by the Governor and removed by JCF:**

- **Domestic Partnerships** – Reinstates domestic partnership benefits for all state and local government employee insurance programs administered by the Department of Employee Trust Funds.
- **Return to Work Law** – Provides that retirees can return to a WRS employer if: (a) at least 30 days have passed since the employee left employment with a participating employer; (b) the employee does not have an agreement to return to work; and (c) the employee elects to not become a participating employee in the WRS.
- **Health Insurance** – Changes the date that an employee is eligible for health insurance to the first day of the second month for most state employees other than limited-term appointments.
- **Infertility Treatment Coverage** – Requires health insurance policies and self-insured governmental health plans cover diagnosis of and treatment for infertility and standard fertility preservation services.
- **Special Enrollment for Pregnancy** – Creates a special enrollment period for pregnant individuals, and any individual who is eligible for coverage under the plan because of a relationship to the pregnant individual.
- **Prior Authorization Exemption** – Exempts health care providers from obtaining prior authorizations when certain exemptions are met, which will be set by the Commissioner of Insurance.

- **Emergency Ambulance Services Reimbursement** – Requires health plans to directly reimburse emergency medical providers within 30 days after a claim is submitted if the ambulance is requested by an emergency medical services practitioner, an emergency medical responder, a firefighter, a law enforcement officer, or a health care provider.
- **Application of Prescription Drug Payments** – Requires that manufacturers apply discounts received on brand-name prescription drugs to an individual's out-of-pocket maximum and deductible for the discount provided.
- **Dental Therapists, Mental Health Services Treatment Trainees, and Substance Abuse Counselors** – Provides that health plans cannot deny coverage for dental services performed by a dental therapist, coverage for mental health or behavioral health services provided by a qualified treatment trainee, or coverage for alcohol or drug abuse treatment services provided by a substance abuse counselor if those services are covered when performed by a similar provider.
- **Telehealth Coverage** – Provides that health plans cannot deny, or limit treatment or services provided through telehealth if those same services are covered in person.
- **Inpatient Mental Health Coverage** – Provides that health plans who cover inpatient mental health services may not require prior authorization for the coverage of those services.

#### **Other State Legislation**

- [2025 SB 249](#) and [2025 AB 248](#) provides immediately upon a term expiring for an appointed position in a statewide department, agency, board, office, commission, authority, or other body in state government created or authorized to be created by the constitution or any law, but not including the legislature and the courts, a vacancy is created.

2025 SB 249 was introduced by Sen. Bradley and referred to the Senate Committee on Licensing, Regulatory Reform, State and Federal Affairs. 2025 AB 248 was introduced by Rep. Allen and referred to the Assembly Committee on State Affairs.

Staff will be at the Board meeting to answer any questions.