Serving as the eyes and ears of Florida taxpayers, Florida TaxWatch annually reviews the state budget to prepare its Budget Guide, showing how hard-earned taxpayer dollars are spent. This year, consistent with a recommendation by Florida TaxWatch, line item 2923 of the 500-page General Appropriations Act appropriates **$500,000 in nonrecurring funds to the Department of Management Services to contract for a comprehensive analysis to determine the fiscal impact and feasibility of extending the State Group Insurance Program (SGIP) to employees of the Florida College System.**

The SGIP is the health insurance option afforded to most state employees in Florida. Like the Florida Retirement System, the SGIP is a defined benefit program, in which the employee pays a fixed amount toward the monthly premium and the state pays for the remainder. Health plans are available to cover the employees' dependents (i.e., spouse and children) as well.

S**tate employees working at Florida College System (FCS) institutions are currently *not* eligible to participate in the SGIP.** Each FCS institution budgets for health insurance for its employees as part of its operating budget. Each employee is then responsible for paying the costs of health insurance for their dependents. The costs of health insurance for dependents can be significant.

In January 2022, the Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) released a report on the fiscal impact of extending participation in the SGIP to the 28 FCS institutions. Since the FCS is state-funded, the extension would not be a new cost, but rather a cost shift. If FCS employees were enrolled in SGIP during fiscal year 2022-23, the net (additional) expense would have ranged from $232.6 million to $316.4 million. The best-case scenario would have cost only 8.7 percent more than what is currently paid from the tight operating budgets of FCS institutions.

Utilizing data provided by Indian River State College (IRSC), Florida TaxWatch published "Extending State Group Insurance to the Florida College System" (February 2023) to look at how the status quo impacts IRSC employees. Florida TaxWatch found that high health insurance costs not only place a strain on the operational budgets of FCS institutions but also on the wallets of FCS employees. IRSC employees pay premiums ranging from $1,235 to $1,509 to enroll dependents (i.e., children and spouses) in a family plan. The egregiously high cost of enrolling dependents limits the talent pool and fuels turnover, especially among young professionals and staff members trying to provide for their families. According to the IRSC budget office, the average annual turnover rate for the college is 4.94 percent, but, when narrowed to employees ages 21-30, the turnover rate spikes to 6.56 percent.

The FCS is critical to Florida's continued economic growth and diversification, responsible for upskilling and reskilling thousands of workers each year. **Florida TaxWatch commends the Florida Legislature for listening to OPPAGA and Florida TaxWatch, and for thoughtfully considering extending participation in the SGIP to employees of FCS institutions.** As the Department of Management Services procures a vendor for the new study, **Florida TaxWatch recommends that the contracted scope and methodology include the following:**

- An updated analysis of the cost extending participation in the SGIP to FCS institutions, compared to the status quo;
- Any potential savings to FCS employees as a result of increased actuarial values and reduced premiums paid for dependent coverage; and
- Influences upon FCS employment patterns, such as turnover rates or employee demographics.