

(4) any funding solution proposed by the Commission will likely include some direct State appropriation, with the Commission pursuing any and all viable funding sources, including the possibility of employee contributions during active service;

(5) the Commission should consider the actual impact any changes in the State Employee and Retiree Health and Welfare Benefits Program will have on the State's annual required contribution and should look for appropriate cost efficiencies that maintain the quality health care coverage the State provides for retirees; and

(6) special consideration should be given to State retirees who are receiving benefits or State employees who have accrued at least 16 years of service with the State and have vested for State retiree health benefits under current law, recognizing that while there may be no legal obligation on the part of the State to provide retiree health care benefits to these individuals, the Commission should view the commitment to provide retiree health care benefits to these individuals as an ethical one.

(e) The Commission shall:

(1) contract with an actuarial consulting firm to:

(i) commission an actuarial valuation that illustrates the State's annual required contribution as both a fixed dollar amount and also as a percentage of payroll; and

(ii) provide ongoing services to the Commission throughout its existence;

(2) review the specific legal obligations of the State to provide retiree health benefits to existing retirees, fully vested employees, active employees, and new employees;

(3) study the cost drivers associated with the State's unfunded retiree health care liabilities which provide the basis for the unfunded accrued liability ~~that is estimated to be as high as \$20,400,000,000~~ as well as the ongoing normal costs associated with the retiree health care liabilities;

(4) review the current health care benefit levels for both State employees and retirees and how the benefits compare to benefits provided under Medicare, by private employers, and by other public employers, with a particular emphasis on whether the various levels are appropriate, equitable, and sustainable;