

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The 2001-03 executive budget recommendation provides funding for state employee salary increases equal to three percent of salaries for the first year of the biennium and two percent for the second year of the biennium. Agencies may provide an additional one percent salary increase for the second year of the biennium to the extent the increase can be paid with existing agency resources. Annual increases are to be at a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. Specific language regarding the salary increases is included in House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The executive budget recommendation includes a \$5.4 million statewide compensation plan line item in House Bill No. 1015, the appropriations bill for the Office of Management and Budget, to be used for market equity compensation adjustments for classified state employees, the same funding level provided for in the 1999-2001 biennium. Of the \$5.4 million, \$2.7 million is from the general fund and \$2.7 million is special funds.

The bill provides that agencies may apply to the Central Personnel Division for a transfer of general fund or special fund appropriation authority from this line item to provide market equity increases to their employees whose salaries are furthest from their respective salary range midpoints.

HIGHER EDUCATION

The executive budget recommendation includes \$1.1 million from the general fund in the budgets of the entities under the control of the State Board of Higher Education for critical salary adjustments.

The executive budget is recommending in Section 4 of Senate Bill No. 2021, the experiment station/extension service appropriation bill, that the State Board of Higher Education be authorized to adjust or increase FTE positions as needed, subject to the availability of funds. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2003-05 budget request.

ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation includes \$278,459, \$230,383 of which is from the general fund for salary equity adjustments for elected and appointed officials effective January 1, 2002. In addition, the Governor is recommending salary increases of three percent for the first year and two percent for the second year of the biennium for these officials.

JUDICIAL BRANCH

The judicial branch budget includes funding to provide judges' salary increases of approximately 11 percent for the first year of the biennium and two percent for the second year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or three percent for the first year and two percent for the second year of the biennium, as explained in the "Salary Increase" section above.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$409.09 per month for employee health insurance (an increase of \$59.37 compared to the 1999-2001 premium). A health insurance plan with benefits similar to the plan provided during the 1999-2001 biennium is estimated to require monthly premium payments of \$427 per month; however, because of additional out-of-pocket expenses being required of state employees relating to deductibles, copayments, and coinsurance, the Governor's budget anticipates premiums of \$409 per month. A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	\$265
1997-99	\$301
1999-2001	\$350
2001-03 executive budget	\$409

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2001-03 executive budget.

	General Fund	Special Funds	Total
Salary increase - 3/2% per year	\$28,354,754	\$11,182,056	\$39,536,810
Health insurance increase	9,870,975	7,312,828	17,183,803
Equity adjustments - Classified employees	2,700,000	2,700,000	5,400,000
Critical salary adjustments - Higher education	1,069,596	0	1,069,596
Equity adjustments - Elected and appointed officials	230,383	48,076	278,459
Additional 8% increase for the first year included for judges	813,822	0	813,822
Equity adjustments - Department of Corrections and Rehabilitation	638,903	0	638,903
Equity adjustments - Department of Transportation	0	1,200,000	1,200,000
Total	\$43,678,433	\$22,442,960	\$66,121,393

FTE POSITIONS

The executive budget recommendation for the 2001-03 biennium includes a total of 11,631.08 FTE positions, 95.16 FTE positions more than the 1999-2001 authorized level. The recommendation includes the addition of 192 new FTE positions and the deletion of 96.84 FTE positions. The cost of the 192 new FTE positions totals \$16,185,197 for the 1999-2001 biennium including salary and health insurance increases. Of this amount, \$7,504,215 is from the general fund. Funding reductions relating to the 96.84 deleted positions totals \$5,601,353 for the 1999-2001 biennium including salary and health insurance increases. Of this amount, \$3,410,066 is from the general fund.