

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to 1 percent of salaries effective January 1, 2004, and 2 percent effective January 1, 2005. Specific language regarding the salary increases is included in Section 4 of Senate Bill No. 2015, the appropriations bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2001-03 legislative appropriations included a \$5 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. Of the \$5 million, \$2.7 million was from the general fund and \$2.3 million from special funds.

The 2003-05 executive recommendation does not include funding for a market equity adjustment funding pool.

HIGHER EDUCATION

The executive budget recommendation authorizes the State Board of Higher Education to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2005-07 budget request.

The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the funding recommended in the total for the University System.

ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation provides funding for elected officials salary increases equal to 1 percent of salaries effective January 1, 2004, and 2 percent effective January 1, 2005, which is the same level as provided for other state employees. The executive budget recommendation includes a July 1, 2003, 2 percent reduction in the salary of the Governor and Lieutenant Governor.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of approximately 3 percent for the first year of the biennium and 3 percent for the second year of the biennium. Salary increases for Supreme Court judges are 3 percent the first year of the biennium and

2 percent 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 1 percent of salaries effective January 1, 2004, and 2 percent of salaries effective January 1, 2005, as explained in the 'SALARY INCREASE' section.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$493 per month for employee health insurance (an increase of \$84 compared to the 2001-03 premium). 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	\$409
2003-05 executive recommendation	\$493

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2003-05 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

	General Fund	Special Funds	Total
Salary increase - 1% January 2004 and 2% January 2005	\$4,228,271	\$4,231,830	\$8,460,101
Health insurance increase	8,474,665	8,704,762	17,179,427
Equity adjustment - Attorney General's office for assistant attorneys general		200,000	200,000
Equity adjustment - Public Employees Retirement System		80,362	80,362
Equity adjustment - Department of Human Services Program and Policy Division		131,784	131,784
Equity adjustment - Department of Financial Institutions		167,000	167,000

Equity adjustment - Department of Corrections and Rehabilitation - Juvenile Services Division	99,856		99,856
Total	\$12,802,792	\$13,515,738	\$26,318,530

FTE POSITIONS

The executive budget recommendation for the 2003-05 biennium includes a total of 10,829.59 FTE positions, 831.58 FTE positions fewer than the 2001-03 authorized level. This includes a reduction of 688.17 higher education FTE

positions to reflect agency reductions and to report only the number of FTE positions funded from the general fund. The net decrease, excluding the higher education positions, is 143.41 FTE positions. The recommendation includes the addition of 176 new FTE positions and the deletion of 319.41 FTE positions. The cost of the 176 new FTE positions totals \$14,198,430 for the 2003-05 biennium, including salary and health insurance increases. Of this amount, \$7,236,351 is from the general fund. Funding reductions relating to the 319.41 deleted positions totals \$27,291,565 for the 2003-05 biennium, including salary and health insurance increases. Of this amount, \$18,185,171 is from the general fund.