

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The 2003-05 legislative appropriations provide for contingent salary increases for the executive and judicial branches up to 1 percent of salaries effective January 1, 2004, and up to 2 percent effective January 1, 2005. The increases are to be provided from savings resulting from the elimination of full-time equivalent (FTE) positions within executive and judicial branch agencies. The savings realized from the eliminated positions and savings from other vacant positions are to be pooled and used for executive and judicial branch employee salary increases. At least 70 percent of the funding for the increases provided must be from pooled savings of the eliminated positions. Specific language regarding the salary increases is included in Senate Bill No. 2423.

FTE POSITION ELIMINATION

The Legislative Assembly provided intent for the elimination of a total of 176 FTE positions (155 from executive branch agencies and the Office of the Governor, excluding other offices of state elected officials and higher education; 13 from state elected officials, excluding the Governor; and eight from the judicial branch) by December 31, 2004. A total of 88 positions (one-half of the total reduction) is to be realized by December 31, 2003. The resulting savings from the employee reductions are to be deposited in state employee compensation pools established by the Office of Management and Budget. (See **Salary Increase** section above).

CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS

The legislative appropriations provide for 24 authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced and transferred from agencies to the Information Technology Department. Each agency affected is to use the funding related to the salaries and wages of the identified transferred employee and related funding for equipment, training, office rent, travel, contracted services, or other related costs to establish an information technology services accounting code. Each agency is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services account.

The Information Technology Department is to determine the number of full-time equivalent positions necessary to provide the related information technology functions to state agencies. The department is authorized to employ the number of necessary employees and require all persons interested in filling the employee

positions to apply with the department. Specific language regarding the consolidation of information technology functions is included in House Bill No. 1505.

HIGHER EDUCATION

The Legislative Assembly did not provide higher education institutions specific funding for salary or health insurance increases, with the intent that funding for any increases is to be provided within the existing appropriation for the University System.

The State Board of Higher Education is authorized 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 submission of the 2005-07 budget request.

ELECTED OFFICIALS

The legislative appropriation does not provide for salary increases for elected and appointed officials during the 2003-05 biennium.

JUDICIAL BRANCH

The legislative appropriation does not provide 2003-05 biennium salary increases for Supreme Court or district court judges. Salary increases for other employees of the judicial branch are the same level as provided for other state employees, or up to 1 percent effective January 1, 2004, and up to 2 percent effective January 1, 2005, as explained in the **Salary Increase** and **FTE Position Elimination** sections above.

HEALTH INSURANCE

The legislative appropriation continues funding for the cost of health insurance premiums for state employees. The appropriation provides \$488.70 per month for employee health insurance (an increase of \$79.61 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	\$489

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes in the 2003-05 legislative appropriation:

	General Fund	Special Funds	Total
Salary increase - Up to 1% on January 1, 2004 and up to 2% on January 1, 2005 ¹	\$0	\$0	\$0
Health insurance increase	8,027,122	8,258,216	16,285,338
Equity adjustment - Legislative Council	150,000		150,000
Equity adjustment - Public Employees Retirement System		80,362	80,362
Equity adjustment - Attorney General's office for assistant attorneys general		241,024	241,024
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	\$8,276,978	\$8,878,386	\$17,155,364

¹ Provides for executive and judicial branch employees to receive salary increases based on the elimination of positions and savings from vacant positions. See **Salary Increase** section for additional details.

FTE POSITIONS

The legislative appropriation for the 2003-05 biennium includes a total of 10,791.73 FTE positions, 869.44 FTE positions fewer than the 2001-03 authorized level and 37.86 FTE positions fewer than the executive recommendation.

The schedule below lists the authorized FTE positions for each biennium since 1991-93:

Biennium	FTE	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1991-93	12,159.50	51.48	0.4%
1993-95	12,149.98	(9.52)	(0.1%)
1995-97	11,290.53 ¹	(859.45) ¹	(7.6%)
1997-99	11,541.00	250.47	2.2%
1999-2001	11,536.92	(4.08)	(0.0%)
2001-03	11,661.17	124.25	1.1%
2003-05	10,791.73 ²	(869.44) ²	(8.1%)

¹ Reflects the sale of the UND Rehabilitation Hospital (a reduction of 286.20 FTE positions) and the change in the method of assigning higher education FTE positions due to the conversion to the statewide integrated budget and reporting system (a reduction of 415.85 FTE positions).

² The FTE count for Higher Education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.