

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to an average of 4 percent of salaries effective July 1, 2007, and 4 percent effective July 1, 2008. The minimum increase for each year is \$75 per month. Salary increases must be based on merit and equity and are not to be given across the board. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. Specific language regarding the salary increases is included in Section 13 of Senate Bill No. 2015, the appropriation bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2005-07 executive budget recommendation includes a \$10 million statewide compensation plan line item in Senate Bill No. 2015, the appropriation bill for the Office of Management and Budget, to be used for market equity compensation adjustments for **classified state employees**. Of the \$10 million, \$5 million is from the general fund and \$5 million from special funds.

HIGHER EDUCATION

The executive budget recommendation authorizes, in Section 13 of House Bill No. 1003, the State Board of Higher Education to adjust full-time equivalent (FTE) 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 2007-09 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 total funding recommended for the University System. The University System has indicated employees will receive a 5 percent increase the first year of the biennium and a 5 percent increase for the second year of the biennium.

ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation provides funding for elected and appointed officials' salary increases equal to 4 percent of salaries effective July 1, 2007, and 4 percent effective July 1, 2008. Specific language regarding the salary increases is included in Section 13 of Senate Bill No. 2015, the appropriation bill for the Office of Management and Budget and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of approximately 6 percent for the first year of the biennium and 7 percent for the second year of the biennium. Salary increases for Supreme Court judges are 6 percent the first year of the biennium and 7 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 an average of 4 percent of salaries effective July 1, 2007, and 4 percent of salaries effective July 1, 2008, with the \$75 per month minimum. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$658.08 per month for employee health insurance (an increase of \$104.14, or 18.8 percent, compared to the 2005-07 premium). At the premium level recommended, the 2007-09 biennium plan requires employees to pay higher copayments and deductibles for services as compared to the 2005-07 biennium plan. 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
2005-07	\$554
2007-09 executive recommendation	\$658

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program (EAP) remains at \$1.42 per month.

RETIREE HEALTH CREDIT

The executive budget recommendation provides for an increase in the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and pays for the increase by increasing the retiree health credit employer contribution by .15 percent, from 1 to 1.15 percent of payroll, resulting in the total monthly retirement contribution increasing from 9.12 percent to 9.27 percent. The estimated cost of increasing employer contributions by .15 percent for a biennium for state agencies and higher education institutions is \$980,000, of which \$354,000 is from the general fund.

Senate Bill No. 2050 provides the statutory changes related to this recommendation.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2007-09 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 - 4% July 2007 and 4% July 2008 (\$75 per month minimum)	\$23,372,817	\$22,505,911	\$45,878,728
Health insurance premium increase	9,115,817	12,346,031	21,461,848
Retiree health credit increase from 1 to 1.15 percent and reduction in National Guard retirement contribution from 13.33 to 11.65 percent	352,237	477,053	829,290
Equity adjustment - State classified employee salary pool in the Office of Management and Budget	5,000,000	5,000,000	10,000,000
Equity adjustment - Attorney General's office attorneys, BCI agents and Crime Laboratory scientists	643,079	10,921	654,000
Equity adjustment - Office of Administrative Hearings administrative law judges		120,528	120,528
Base salary adjustment - Governor's office increase of base salary of a policy analyst	22,000		22,000
Equity adjustment - Insurance Department for boiler inspectors, attorneys, chief financial examiner, and directors of examining and licensing divisions		172,236	172,236
Equity adjustment - Retirement and Investment Office		65,301	65,301
Equity adjustment - Public Employees Retirement System		202,760	202,760
Classification adjustments - Department of Financial Institutions		155,696	155,696
Classification adjustments - Department of Corrections and Rehabilitation	748,234		748,234
Total	\$39,254,184	\$41,056,437	\$80,310,621

FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2007-09 biennium includes a total of 10,809.83 FTE positions, 177.73 FTE positions more than the 2005-07 authorized level. This includes a reduction of 59.83 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund. The net increase, excluding the higher education positions, is 237.56 FTE positions. The recommendation includes the addition of 297.06 new FTE positions and the deletion of 59.50 FTE positions. The cost of the 297.06 new FTE positions totals \$30,356,630 for the 2007-09 biennium, including salary and health insurance increases. Of this amount, \$15,203,669 is from the general fund. Funding reductions relating to the 59.50 deleted positions totals \$5,138,779 for the 2007-09 biennium. Of this amount, \$448,498 is from the general fund.