

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Senate Bill No. 2189 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. The Legislative Assembly did not change the executive recommendation for salary increases.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2007 Legislative Assembly provided a \$10 million statewide compensation plan appropriation in Senate Bill No. 2189 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 Legislative Assembly authorized, 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 2009-11 budget request.

The Legislative Assembly 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 2007-09 legislative appropriation for the North Dakota University System included funding for parity to provide for inflationary costs, including the general fund share of a 5 percent per year salary increase and health insurance increases.

The Legislative Assembly appropriated funding to the Upper Great Plains Transportation Institute and the agricultural research and extension agencies to provide their employees an additional 1 percent salary increase each year of the biennium. The total salary increase provided is 5 percent effective July 1, 2007, and 5 percent effective July 1, 2008, which is the same increase provided to the North Dakota University System.

ELECTED AND APPOINTED OFFICIALS

The Legislative Assembly provided 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 Senate Bill No. 2189 and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The Legislative Assembly approved a \$2,000 plus a 4 percent salary increase effective July 1, 2007, and a 4 percent salary increase effective July 1, 2008, for Supreme Court and district court judges. The judicial branch budget request was to provide 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 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 legislative appropriation continues funding for the cost of health insurance premiums for state employees. The appropriation 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	\$658

RETIREE HEALTH CREDIT

The executive budget recommendation proposed increasing the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and to pay for the increase by increasing the retiree health credit employer contribution by .15 percent, from 1 percent to 1.15 percent of payroll, resulting in the total monthly retirement contribution increasing from 9.12 percent to 9.27 percent. The Legislative Assembly **did not approve** this recommendation.

EMPLOYEE ASSISTANCE PROGRAM

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

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes for the 2007-09 biennium:

	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
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 - Office of Administrative Hearings administrative law judges		120,528	120,528
Equity adjustment - State Auditor's office	115,500		115,500
Equity adjustment - Legislative Council	148,000		148,000
Equity adjustment - Securities Department attorney position	61,831		61,831
Equity adjustment - Attorney General's office	872,079	10,921	883,000
Equity adjustment - Council on the Arts	23,079		23,079
Equity adjustment - Agriculture Commissioner's office	151,000	108,000	259,000
Equity adjustment - Highway Patrol troopers and sergeants	352,500		352,500
Equity and pay grade adjustments - Adjutant General (State Radio employees)	300,000		300,000
Additional salary increase - Upper Great Plains Transportation Institute (see HIGHER EDUCATION section above)	9,955	106,973	116,928
Additional salary increase - Agricultural research and extension agencies (see HIGHER EDUCATION section above)	438,129	391,540	829,669
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

	General Fund	Special Funds	Total
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	\$40,730,941	\$41,185,897	\$81,916,838

FULL-TIME EQUIVALENT POSITIONS

The legislative appropriations for the 2007-09 biennium include total funding for 10,942.53 FTE positions, 310.43 FTE positions more than the 2005-07 authorized level and 132.70 FTE positions more than the executive recommendation.

The schedule below lists the number of 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	10,786.43 ²	(874.74) ²	(7.5%)
2005-07	10,632.10	(154.33)	(1.4%)
2007-09	10,942.53	310.43	2.9%

¹Reflects 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).

²The 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.