

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The Legislative Assembly provided funding in each agency's appropriation bill and included provisions in House Bill No. 1015 for state employee salary increases equal to an average of 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010. The minimum increase for each year is \$100 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 2009 Legislative Assembly provided a \$15,984,000 statewide compensation pool appropriation in House Bill No. 1015 to be used for market equity compensation adjustments for classified and nonclassified state employees of executive branch agencies, institutions, and departments, excluding entities under the control of the State Board of Higher Education. Of the \$15,984,000, \$9,000,000 is from the general fund and \$6,984,000 is from special funds.

HIGHER EDUCATION

The Legislative Assembly authorized, in Section 20 of Senate Bill No. 2003, 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 2011-13 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 provided to the North Dakota University System. The 2009-11 legislative appropriation for the 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. Section 27 of Senate Bill No. 2003 provides legislative intent that each University System employee whose documented performance meets all standards is to receive a minimum monthly salary increase of \$100 on July 1, 2009, and \$100 on July 1, 2010.

The Legislative Assembly appropriated funding to the Upper Great Plains Transportation Institute, Northern Crops Institute, and the agricultural research and extension agencies to provide for increased health insurance costs and to provide their employees salary increases of 5 percent effective July 1, 2009, and 5 percent effective July 1, 2010.

ELECTED AND APPOINTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases equal to 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010. Specific language regarding the salary increases is included in House Bill No. 1015 and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The Legislative Assembly approved a 5 percent salary increase effective July 1, 2009, and a 5 percent salary increase effective July 1, 2010, for Supreme Court justices and district court judges. 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 5 percent of salaries effective July 1, 2009, and 5 percent of salaries effective July 1, 2010, with the \$100 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 Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide \$825.97 per month for employee health insurance (an increase of \$167.89, or 25.5 percent, compared to the 2007-09 premium). At this premium level, the 2009-11 biennium plan requires employees to pay higher copayments and deductibles for services as compared to the 2007-09 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
2009-11	\$826

RETIREE HEALTH CREDIT

The Legislative Assembly did not change the executive recommendation to increase the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and to increase the retiree health credit employer contribution by .14 percent, from 1 percent to 1.14 percent of

payroll to fund the retiree health credit increase, resulting in the total monthly retirement contribution increasing from 9.12 percent to 9.26 percent. The estimated cost of increasing employer contributions by .14 percent for a biennium for state agencies is \$935,535, of which \$387,734 is from the general fund. Senate Bill No. 2154 provides the statutory changes related to this increase.

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 2009-11 biennium:

	General Fund	Special Funds	Total
Salary increase - 5% July 2009 and 5% July 2010 (\$100 per month minimum)	\$36,821,006	\$31,667,339	\$68,488,345
Health insurance premium increase	15,889,790	20,215,824	36,105,614
Retiree health credit increase from 1% to 1.14%	387,734	547,801	935,535
Equity adjustment - Statewide salary equity pool in the Office of Management and Budget	9,000,000	6,984,000	15,984,000
Salary adjustment - Deputy Treasurer	10,000		10,000
Salary adjustment - Attorney General (effective January 1, 2011)	10,100		10,100
Equity adjustments - Legislative Council	50,000		50,000
Recruitment and retention bonuses - Industrial Commission Department of Mineral Resources (nonclassified employees)	185,000		185,000
Salary increase - Branch research centers (irrigation scientist position at the Williston Research Center)	65,000		65,000
Total	\$62,418,630	\$59,414,964	\$121,833,594

FULL-TIME EQUIVALENT POSITIONS

The legislative appropriations for the 2009-11 biennium include total funding for 11,101.18 FTE positions, 136.42 FTE positions more than the

2007-09 authorized level and 27 FTE positions less 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	10,964.76	332.66	3.1%
2009-11	11,101.18	136.42	1.2%

¹Reflects the sale of the University of North Dakota Rehabilitation Hospital (a reduction of 286.2 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.