

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The executive budget recommendation provides funding 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. Specific language regarding the salary increases is included in Section 10 of House Bill No. 1015, the appropriation bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2009-11 executive budget recommendation for certain agencies includes a total of \$24.4 million in market equity compensation adjustments, the intent of which is included in Section 9 of House Bill No. 1015, the appropriation bill for the Office of Management and Budget. Agencies will have flexibility to use salary equity funding to address salary issues relating to the competitive employment market, salary issues in targeted occupations, and internal agency and interagency salary equity issues. Of the \$24.4 million, \$13.7 million is from the general fund and \$10.7 million from special funds. The \$24.4 million includes funding of \$1,205,011, of which \$694,483 is from the general fund, for the related salary increase for the second year of the biennium.

HIGHER EDUCATION

The executive budget recommendation authorizes, in Section 14 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 2009-11 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 North Dakota University System. The executive budget funding level provides for 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 5 percent of salaries effective July 1, 2009, and 5 percent effective July 1, 2010. Specific language regarding the salary increases is included in Section 10 of House Bill No. 1015, 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 5 percent for each year of the biennium. Salary increases for Supreme Court justices are also 5 percent for each 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 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 executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$825.97 per month for employee health insurance (an increase of \$167.89, or 25.5 percent, compared to the 2007-09 premium). At the premium level recommended, 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 executive recommendation	\$826

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program 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 .14 percent, from 1 percent to 1.14 percent of payroll, 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 recommendation.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2009-11 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 - 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 - For selected agencies to address salary equity issues	13,723,095	10,650,301	24,373,396
Total	\$66,821,625	\$63,081,265	\$129,902,890

FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2009-11 biennium includes a total of 11,128.18 FTE positions, 163.42 FTE positions more than the 2007-09 authorized level. This includes 18.60 new higher education FTE positions and a net reduction of 13.77 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund for a total change of 4.83 higher education FTE positions. The net increase, excluding the higher education positions, is 158.59 FTE positions. The recommendation includes the addition of 211.94 new FTE positions and the deletion of 53.35 FTE positions. The cost of the 211.94 new FTE positions totals \$23,190,824 for the 2009-11 biennium, including salary and health insurance increases. Of this amount, \$16,655,357 is from the general fund. Funding reductions relating to the 53.35 deleted positions totals \$5,585,888 for the 2009-11 biennium. Of this amount, \$298,848 is from the general fund.