


BUDGETING FOR PERSONNEL COSTS

LEGISLATIVE SERVICES OFFICE

BUDGET & POLICY ANALYSIS DIVISION

BUDGET DEVELOPMENT PROCESS

- 1) Reconcile salary and employer paid benefit needs for the current fiscal year by department, division, and budgeted program**
 - 2) Identify changes in employer paid benefits and calculate the cost for the upcoming fiscal year**
 - 3) Calculate and include the cost of a 1% Change in Employee Compensation (CEC)**
 - 4) Give guidance to agencies on the the cost of new positions**
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COST OF 1% CEC FOR STATE AGENCIES AND HIGHER EDUCATION

Fund Type	
Gen Fund	\$5,344,500
Dedicated Funds	\$4,238,100
Federal Funds	\$1,691,800
Total	\$11,274,400


COST OF 1% CEC BY CATEGORY

Category	Gen Fund	Total Funds
Education	\$2,679,100	\$4,174,500
Health & Human Services	746,000	1,618,000
Public Safety	1,047,900	1,431,300
Natural Resources	192,700	1,054,500
Economic Development	120,600	1,788,100
General Government	558,200	1,208,000
Total	\$5,344,500	\$11,274,400


SALARY SAVINGS IN STATE AGENCIES

- ✓ **Definition:** Dollar difference between the current cost of employees working for an agency and the agency's appropriation for personnel costs. Savings are classified as ongoing (OG) or one-time (OT).
- ✓ **Reasons:**
 - 1) Agency has more appropriation in personnel costs compared to the cost of authorized positions (OG)
 - 2) Agency has sufficient appropriation in personnel costs but leaves authorized positions vacant (OT)
 - 3) Time between when an employee leaves the agency and a replacement is hired (OT)
 - 4) Difference in salary when a higher paid individual leaves and less experienced person is hired (OG)

SALARY SAVINGS IN STATE AGENCIES

- ✓ **Identifying One-Time Savings and Ongoing Savings**
 - One-time Savings can be used in current fiscal year and can be used for temporary merit increases and bonuses
 - Ongoing Savings can be used to make permanent increases
 - ✓ **Salary Savings are one tool of the pay system**
 - ✓ **The current policy enacted by the Legislature encouraging the use of salary savings has been embraced by agency directors, DHR, and DFM**
 - ✓ **Maximizing the use of Salary Savings requires different solutions for different agencies**
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AGENCY ISSUES AND SOLUTIONS

- ❑ State is single employer so that even though an agency has resources it may not be able to use them if other agencies can't match the increases.
 - ❑ Some agencies with dedicated fund sources either cannot or do not want to use them to maintain benefit and salary increases for those personnel already fully or partially funded with the dedicated funds.
 - ❑ Some agencies have been successful in getting support for additional personnel dollars outside of the CEC process.
 - ❑ Some agencies request funding in a line item to get legislative support for certain classes of employees to get pay raises even if they have sufficient appropriation.
 - ❑ Some agencies are actually relying on personnel costs to support operating expenditures but do not want to permanently transfer the funding into operating due to the perception that they will lose flexibility.
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FY 2015 GENERAL FUND GOV'S REC

REVENUE:

1.	Estimated Ending Cash FY 2014	\$86,683,400
2.	Transfers to Stabilization Funds/PBF	<u>(86,683,400)</u>
3.	Beginning Cash Balance	0
4.	DFM Original Revenue Forecast 6.4%	2,987,767,000
5.	Tax Relief	<u>(30,000,000)</u>
6.	Cig Taxes for Bond Levy to Health Care Fund	<u>(4,737,000)</u>
7.	TOTAL REVENUE & BEG BALANCE	2,953,023,000

TRANSFERS:

8.	Wolf Control Fund	<u>(2,000,000)</u>
9.	Constitutional Defense Fund	<u>(1,000,000)</u>
10.	Revolving Development Fund	<u>(10,500,000)</u>
11.	Secondary Aquifer Planning Mgmt Fund	<u>(4,500,000)</u>
12.	Permanent Building Fund	<u>(101,200)</u>
13.	TOTAL TRANSFERS	<u>(18,101,200)</u>

APPROPRIATIONS:

14.	FY 2015 Original Appropriations	2,903,192,600
15.	Cash Transfers to Other Funds	<u>(18,101,200)</u>
16.	FY 2015 Total	2,885,091,400
17.	FY 2015 ESTIMATED ENDING BAL	\$49,837,400