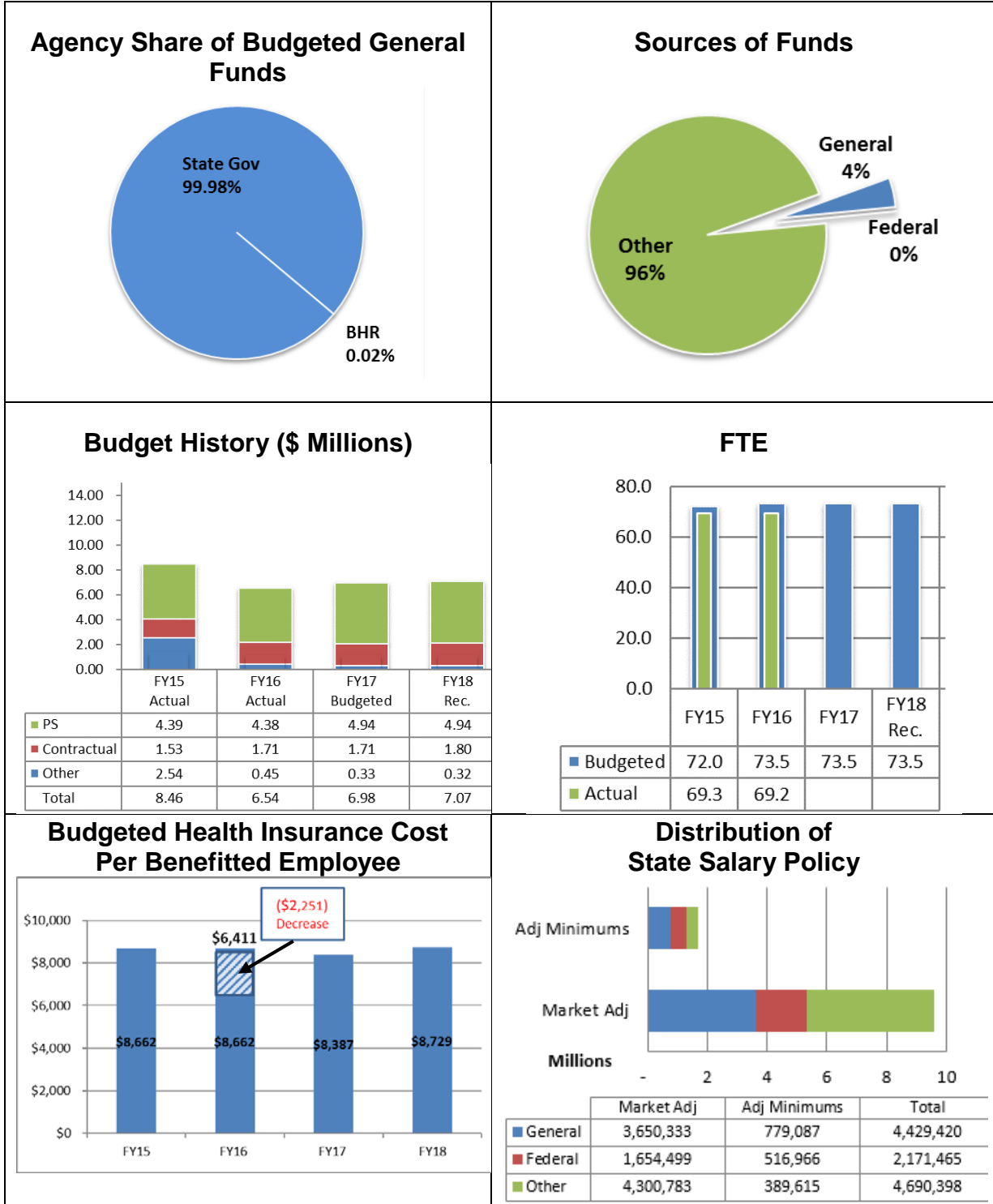


FY18 Budget Briefing

Bureau of Human Resources

Information contained in this document is based on the Governor's original recommended FY18 budget.
This document may not correspond with the final FY18 budget adopted by the Legislature.



Key Personnel

- Laurie Gill, Commissioner
- Tom Steckel, Director, Division of Benefits
- Jill Kruger, Assistant Director, Division of Benefits
- Aaron Arnold, Director, Division of Legal and Human Resource Services
- Ellen Zeller, Director, Division of Classification and Compensation
- Kersten Johnson, Director, Division of Training and Workforce Development
- Terry Miller, Director of Executive Management Finance Office
- Mary Keeler, Accounting Manager

Mission of the Bureau of Human Resources

The mission of the Bureau of Human Resources is to support state agencies in accomplishing their mission and goals by administering an effective and efficient human resource management system for the state of South Dakota and its employees.

Total by Program, Fund, and Object

014 Bureau of Human Resources (BHR)

	FY 2016 Actual	FY 2017 Approp	FY 2018 Request	FY 2018 Gov Rec	Δ From FY 2017
BY PROGRAM					
Personnel Management/Employee Benefits	6,405,481	6,979,495	7,065,879	7,065,879	86,384
South Dakota Risk Pool	135,651	0	0	0	0
Total:	6,541,132	6,979,495	7,065,879	7,065,879	86,384
BY FUND CATEGORY					
General	265,458	281,580	281,580	281,580	0
Federal	31,308	0	0	0	0
Other	6,244,367	6,697,915	6,784,299	6,784,299	86,384
Total:	6,541,132	6,979,495	7,065,879	7,065,879	86,384
BY OBJECT EXPENDITURE					
Personnel Costs	4,382,839	4,944,581	4,944,581	4,944,581	0
Operating Expenditures	2,158,293	2,034,914	2,121,298	2,121,298	86,384
Total:	6,541,132	6,979,495	7,065,879	7,065,879	86,384
Full-Time Equivalents (FTE)	69.2	73.5	73.5	73.5	0.0

Request and Governor's Recommendation Summary

014 BHR

Decision Unit	Agency Request			Governor's Recommendation		
	FTE	General	Total	FTE	General	Total
FY 2017 Original Appropriation	73.5	273,056	6,793,258	73.5	273,056	6,793,258
Pool Distributions/Transfers	0.0	8,524	186,237	0.0	8,524	186,237
FY 2017 Estm. Expenditures	73.5	281,580	6,979,495	73.5	281,580	6,979,495
FY 2018 Base	73.5	281,580	6,979,495	73.5	281,580	6,979,495
Transfers Between Programs	0.0	0	86,384	0.0	0	86,384
FY 2018 Program Maintenance (MCO)	73.5	281,580	7,065,879	73.5	281,580	7,065,879
FY 2018 Total	73.5	281,580	7,065,879	73.5	281,580	7,065,879
Change from Original Appropriation	0.0	0	86,384	0.0	0	86,384
% Change from Original Appropriation	0.0%	0.0%	1.2%	0.0%	0.0%	1.2%

Budget by Decision Unit

Budget by Decision Unit	FTE	General	Federal	Other	Total
FY 2017 GBill Appropriation	73.5	273,056		6,520,202	6,793,258
Pool Distributions/Transfers	0.0	8,524	0	177,713	186,237
FY 2017 Estm. Expenditures	73.5	281,580	0	6,697,915	6,979,495
FY 2018 Base					
Agency Request	73.5	281,580	0	6,697,915	6,979,495
Governor's Rec.	73.5	281,580	0	6,697,915	6,979,495
Transfers Between Programs					
Agency Request	0.0	0	0	86,384	86,384
Governor's Rec.	0.0	0	0	86,384	86,384
FY 2018 Maintenance of Current Operations (MCO)					
Agency Request	73.5	281,580	0	6,784,299	7,065,879
Governor's Rec.	73.5	281,580	0	6,784,299	7,065,879
FY 2018 Total					
Agency Request	73.5	281,580	0	6,784,299	7,065,879
Governor's Rec.	73.5	281,580	0	6,784,299	7,065,879
Agency Request					
Change from Original Approp.	0.0	0	0	86,384	86,384
% Change from Original Approp.	0.0%	0.0%	0.0%	1.3%	1.2%
<i>Governor's Recommendation</i>					
Change from Original Approp.	0.0	0	0	86,384	86,384
% Change from Original Approp.	0.0%	0.0%	0.0%	1.3%	1.2%

Revenues and Performance Indicators

Selected Statistical Data:	ACTUAL	ACTUAL	ESTIMATE	ESTIMATE
	FY15	FY16	FY17	FY18
Courses Offered/Participants	475/7,445	417 / 8,837	415 / 8,800	415 / 8,800
Insurance Plan Participants:				
Health: Employees, COBRA, Retiree/Dependents	13,328/13,360	13,242/13,418	13,222/13,556	13,222/13,556
Life: Employees/Supplemental	12,988/5,810	13,038/5,643	13,082/5,513	13,082/5,513
Health Plan Participants Screened	11,045	12,396	11,800	11,800
Number of Members Enrolled in Case Management	764	840	850	850
Number of Members Enrolled in Condition Management	3,389	2,445	2,300	2,300
Employee Assistance Program Utilization	449	482	485	500
Flexible Benefits Participants	10,977	11,084	11,024	11,024
Flexible Benefits Salary Sheltered	\$28,836,196	\$28,389,339	\$24,091,766	\$24,100,000
Workers' Compensation Total Eligibles	27,849	27,780	27,700	27,700

Department Object Detail

Item	Actual FY2015	Actual FY2016	Budgeted FY2017	Governor Rec FY2018	Inc/Dec Over FY2017	% Change Over FY2017
PERSONAL SERVICES						
General Funds	202,699	202,454	217,971	217,971	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	4,183,044	4,180,385	4,726,610	4,726,610	0	0.0%
Total Personal Services	4,385,743	4,382,839	4,944,581	4,944,581	0	0.0%
FTE	69.3	69.2	73.5	73.5	0.0	0.0%
TRAVEL						
General Funds	6,099	5,997	8,400	5,410	(2,990)	(35.6%)
Federal Funds	0	0			0	0.0%
Other Funds	92,417	104,697	84,450	97,840	13,390	15.9%
Total Travel	98,516	110,694	92,850	103,250	10,400	11.2%
CONTRACTUAL SERVICES						
General Funds	37,020	48,747	39,913	47,405	7,492	18.8%
Federal Funds	120,393	1,002			0	0.0%
Other Funds	1,374,055	1,660,863	1,667,848	1,755,359	87,511	5.2%
Total Contractual Services	1,531,468	1,710,612	1,707,761	1,802,764	95,003	5.6%
SUPPLIES AND MATERIALS						
General Funds	14,937	7,564	13,296	8,794	(4,502)	(33.9%)
Federal Funds	0	0			0	0.0%
Other Funds	151,816	147,530	164,617	150,100	(14,517)	(8.8%)
Total Supplies and Materials	166,753	155,094	177,913	158,894	(19,019)	(10.7%)
CAPITAL OUTLAY						
General Funds	1,982	696	2,000	2,000	0	0.0%
Federal Funds	0	0			0	0.0%
Other Funds	70,178	61,987	54,390	54,390	0	0.0%
Total Capital Outlay	72,160	62,683	56,390	56,390	0	0.0%
OTHER						
General Funds	0	0	0	0	0	0.0%
Federal Funds	374,954	30,305	0	0	0	0.0%
Other Funds	1,831,381	88,904	0	0	0	0.0%
Total Other	2,206,335	119,209	0	0	0	0.0%
TOTAL						
General Funds	262,737	265,458	281,580	281,580	0	0.0%
Federal Funds	495,347	31,307	0	0	0	0.0%
Other Funds	7,702,891	6,244,366	6,697,915	6,784,299	86,384	1.3%
Total All Funds	8,460,975	6,541,131	6,979,495	7,065,879	86,384	1.2%

PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS

The mission of Personnel Management and Employee Benefits is to ensure fair, equitable, and uniform administration of human resource programs through establishment of personnel policies in conjunction with the Civil Service Commission; to develop and administer the annual compensation and benefits policy for state employees; to administer a uniform system of examination, certification, classification, and compensation based on the duties and level of responsibility assigned to executive branch positions; to distribute position announcements to the public; to screen applicants; to provide lists of qualified applicants to appointing authorities; to develop, coordinate, and provide training for state agencies to enhance performance and development of employees; to administer the performance appraisal process; to investigate and resolve issues and concerns regarding terms and conditions of state employment; to maintain and analyze statistics on work force and applicant population; to administer group health, workers' compensation, life, and flexible benefits plans for state employees; to provide for payment of benefits to eligible claimants in the most efficient and cost-effective manner; to regularly communicate with employees, management, and the public regarding human resource policies and issues; to process payroll and maintain employee records for all executive branch agencies; and, to advise managers and employees on human resource issues and provide guidance on proper handling of various actions.

Budget Request

0141 Personnel Management and Employee Benefits (BHR)

	FY 2016 Actual	FY 2017 Approp	FY 2018 Request	FY 2018 Gov Rec	Δ From FY 2017
BY FUND CATEGORY					
General	265,458	281,580	281,580	281,580	0
Federal	0	0	0	0	0
Other	6,140,023	6,697,915	6,784,299	6,784,299	86,384
Total:	6,405,481	6,979,495	7,065,879	7,065,879	86,384
BY OBJECT EXPENDITURE					
Personnel Costs	4,382,518	4,944,581	4,944,581	4,944,581	0
Operating Expenditures	2,022,963	2,034,914	2,121,298	2,121,298	86,384
Total:	6,405,481	6,979,495	7,065,879	7,065,879	86,384
Full-Time Equivalents (FTE)	69.2	73.5	73.5	73.5	0.0

Request and Governor's Recommendation Summary

0141 Personnel Management and Employee Benefits (BHR)

Decision Unit	Agency Request			Governor's Recommendation		
	FTE	General	Total	FTE	General	Total
FY 2017 Original Appropriation	73.5	273,056	6,793,258	73.5	273,056	6,793,258
Pool Distributions/Transfers	0.0	8,524	186,237	0.0	8,524	186,237
FY 2017 Estm. Expenditures	73.5	281,580	6,979,495	73.5	281,580	6,979,495
FY 2018 Base	73.5	281,580	6,979,495	73.5	281,580	6,979,495
Transfers Between Programs	0.0	0	86,384	0.0	0	86,384
FY 2018 Program Maintenance (MCO)	73.5	281,580	7,065,879	73.5	281,580	7,065,879
FY 2018 Total	73.5	281,580	7,065,879	73.5	281,580	7,065,879
Change from Original Appropriation	0.0	0	86,384	0.0	0	86,384
% Change from Original Appropriation	0.0%	0.0%	1.2%	0.0%	0.0%	1.2%

Budget by Decision Unit

0141 Personnel Management and Employee Benefits (BHR)

Budget by Decision Unit	FTE	General	Federal	Other	Total
FY 2017 GBill Appropriation	73.5	273,056		6,520,202	6,793,258
Pool Distributions/Transfers	0.0	8,524	0	177,713	186,237
FY 2017 Estm. Expenditures	73.5	281,580	0	6,697,915	6,979,495

FY 2018 Base

Agency Request	73.5	281,580	0	6,697,915	6,979,495
<i>Governor's Rec.</i>	73.5	281,580	0	6,697,915	6,979,495

Transfers Between Programs

Program Transfer: The Bureau requests an increase of **\$86,384** in **other fund** expenditure authority for the cost of annual system maintenance for imaging software moving from the Bureau of Finance and Management to BHR.

The Governor recommended the agency request.

Agency Request	0.0	0	0	86,384	86,384
<i>Governor's Recommendation</i>	0.0	0	0	86,384	86,384

FY 2018 Maintenance of Current Operations (MCO)

Agency Request	73.5	281,580	0	6,784,299	7,065,879
<i>Governor's Rec.</i>	73.5	281,580	0	6,784,299	7,065,879

FY 2018 Total

Agency Request	73.5	281,580	0	6,784,299	7,065,879
<i>Governor's Rec.</i>	73.5	281,580	0	6,784,299	7,065,879

Agency Request					
Change from Original Approp.	0.0	0	0	86,384	86,384
% Change from Original Approp.	0.0%	0.0%	0.0%	1.3%	1.2%

<i>Governor's Recommendation</i>					
<i>Change from Original Approp.</i>	0.0	0	0	86,384	86,384
<i>% Change from Original Approp.</i>	0.0%	0.0%	0.0%	1.3%	1.2%

BHR Billings Revenue**FY2016 Interagency Actual Expenditures
Bureau of Human Resources**

Agency Name	General	Federal	Other	Total
Agriculture	45,085	27,282	72,196	144,563
Attorney General	1,078	0	2,871	3,949
Board of Regents	2,114	0	5,003	7,117
Bureau of Administration	3,215	0	69,962	73,177
Bureau of Finance and Management	7,680	0	15,821	23,500
Bureau of Human Resources	313	0	15,074	15,387
Bureau of Information and Telecom.	33,803	427	150,418	184,648
Corrections	363,355	0	13,285	376,640
Education	43,931	58,137	177	102,245
Environment and Natural Resources	29,288	41,056	23,195	93,538
Game, Fish and Parks	0	34,117	271,250	305,367
Governor's Office	13,895	588	2,133	16,616
Health	33,043	114,534	77,352	224,929
Human Services	102,553	215,270	1,256	319,080
Labor and Regulation	2,907	137,446	59,337	199,690
Legislature	228	0	0	228
Military	8,668	38,451	1,290	48,409
Public Safety	12,727	25,057	161,012	198,797
Public Utilities Commission	1,102	318	5,303	6,722
Retirement	0	0	7,748	7,748
Revenue	3,995	0	125,953	129,949
School and Public Lands	0	0	0	0
Secretary of State	160	0	0	160
Social Services	399,806	368,137	10,999	778,942
State Auditor	182	0	0	182
State Treasurer	0	0	165	165
Tourism	0	0	8,450	8,450
Transportation	0	0	791,046	791,046
Tribal Relations	4,926	0	0	4,926
Unified Judicial System	2,536	0	1,899	4,435
Veterans' Affairs	8,547	891	42,178	51,617
Grand Total	1,125,136	1,061,711	1,935,372	4,122,219

Interagency Billings

Below are the sources of funds the Bureau of Human Resources used to pay for services provided by the central governmental bureaus (Bureau of Administration, Bureau of Finance and Management, Bureau of Human Resources, Bureau of Information and Telecommunications) in FY2016.

Bureau Name	General	Federal	Other	Total
Bureau of Information and Telecommunications	7,592	0	785,969	793,561
Bureau of Administration	14,152	0	266,389	280,541
Bureau of Finance and Management	616	0	42,153	42,768
Bureau of Human Resources	313	0	15,074	15,387
Total FY16 Interagency Payments	22,673	0	1,109,584	1,132,257

BHR FY2018 Funding Sources

HUMAN RESOURCES LABOR & MANAGEMENT

HUMAN RESOURCES	2,371,359
PERSONNEL A-87	1,829,753
TRAINING & DEVELOPMENT	707,818

INSURANCE ADMINISTRATION (BHR)

STATE EMPL WORKERS COMPENSATION	326,358
STATE EMPLOYEES BENEFITS PLAN	1,549,011

STATE GENERAL FUND

STATE GENERAL FUND	281,580
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Total General, Federal and Other Funds	7,065,879
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BHR Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance on June 30				
		FY2012	FY2013	FY2014	FY2015	FY2016
Co 3035 - State Employees Benefits Plan Fund	65	\$ 14,748,810	\$ 21,075,492	\$ 46,661,529	\$ 58,143,451	\$ 40,541,230
Co 3035 - State Employees Workers' Compensation Program Fund	66	\$ 7,116,043	\$ 5,779,182	\$ 4,528,927	\$ 4,411,351	\$ 4,248,216
Co 3035 - Dakota Cement Life and Workers' Compensation	67	\$ 299,697	\$ 278,158	\$ 233,455	\$ 231,549	\$ 207,019
Co 6009 - Human Resources - Labor & Management	68	\$ 873,839	\$ 903,313	\$ 962,763	\$ 1,034,191	\$ 857,034
Co 6521 - South Dakota Risk Pool Fund	69	\$ 6,755,770	\$ 7,092,931	\$ 6,270,035	\$ 3,303,853	\$ -
Co 8000 - Agency Fund	70	\$ 6,958	\$ 7,259	\$ 248,063	\$ 9,531	\$ 9,446
Co 8301 - State Workers Unemployment Compensation	71	\$ 234,145	\$ 316,933	\$ 190,418	\$ 190,077	\$ 101,226

Refer to the *Supplemental Information* and *Blue Book* sections for more information on these and other funds.

BHR Recent Budget History

South Dakota Risk Pool: the mission of the South Dakota Risk Pool was to provide health care coverage to state residents who involuntarily lost their prior creditable coverage through no fault of their own and who could not obtain other coverage.

This program was repealed by HB1015 in the 2015 Legislative Session.

FY2018 Recommended State Employee Compensation Plan

For FY2018, the Governor recommended the funding for the state employee compensation plan and bureau billings be placed in a pool in BFM to be distributed to each agency. He also recommended the total increase for health insurance be included in BFM's budget and be allocated at a future time. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or the increase for health insurance.*

The FY2018 State Employee Compensation Plan recommended by the Governor includes three main components: 1) a market adjustment, 2) adjustment of artificial minimums, and 3) an increase to the employer-paid portion of the state employee health insurance plan.

1. Market Adjustment:

All permanent state employees will receive a 1.0% market adjustment.

2. Adjust Artificial Minimums:

The Governor recommends movement of the artificial minimums of the General Pay Structure towards the true market minimums. The recommended funding will bring all pay grades up to at least 90% of true market minimums, which will allow the state to hire new employees closer to what the market dictates.

3. An increase of \$342 per benefitted employee is recommended for the employer-paid portion of the state employee health insurance plan.

State Employee Compensation Plan Recent History

- **FY2017:** 2.7% market adjustment for all permanent employees (except Career Bands); 0%-2.7% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; decrease of \$275 per benefitted employee for the employer-paid portion of the health insurance plan.
- **FY2016:** 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
- **FY2015:** 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.
- **FY2014:** 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.

Health Insurance Cost Per Benefitted Employee

FY2008: **\$5,523**

FY2009: **\$5,773**

FY2010: **\$5,773**

FY2011: **\$6,135**

FY2012: **\$6,135**

FY2013: \$6,335, plus a one-time adjustment of \$1,615, totaling **\$7,950**

FY2014: \$7,269, plus a one-time adjustment of \$2,035, totaling **\$9,304**

FY2015: **\$8,662**

FY2016: \$8,662, minus a one-time adjustment of \$2,251 totaling **\$6,411**

FY2017: **\$8,387**

FY2018 Recommended: **\$8,729**

