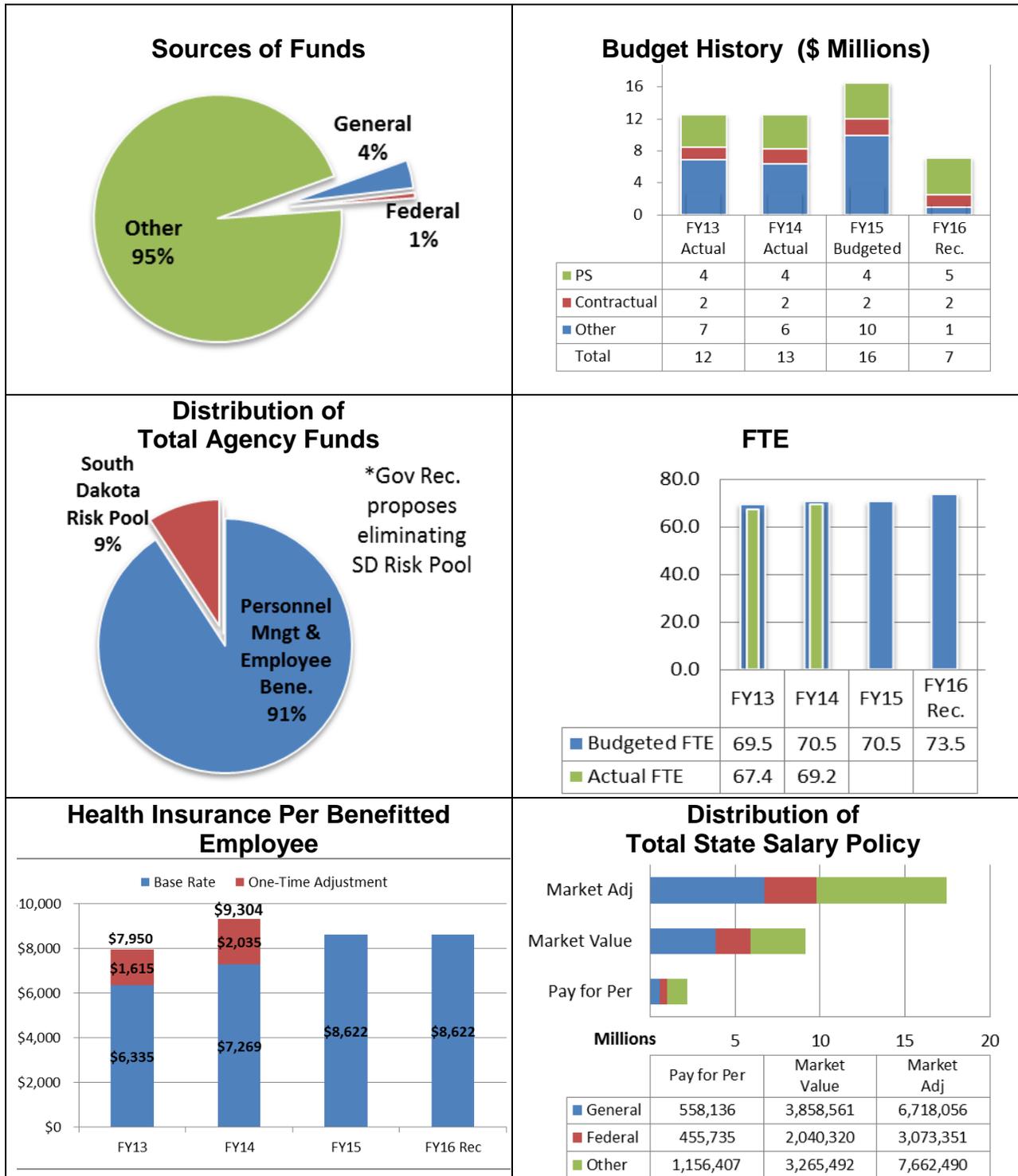


# FY16 Budget Briefing

# Bureau of Human Resources

Information contained in this document is based on the Governor's original recommended FY16 budget.  
This document may not correspond with the final FY16 budget adopted by the Legislature.



## Key Personnel

- Laurie Gill, Commissioner
- Tom Steckel, Director, Division of Benefits
- Jill Kruger, Assistant Director, Division of Benefits
- Kevin Forsch, Director, Division of Compensation and Department Support
- Ellen Zeller, Director, Division of Classification and Training
- Debra Owen, Senior Staff Attorney
- Terry Miller, Director of Executive Management Finance Office
- Mary Keeler, Accounting Manager

## Department Total

Center 014	Bureau of Human Resources							%
	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	Change From FY2015	
<b>Personal Services</b>								
Employee Salaries	3,036,416	3,190,317	3,377,239	3,418,004	3,491,616	114,377	3.4%	
Employee Benefits	967,661	1,081,691	1,093,980	1,112,577	1,135,790	41,810	3.8%	
<b>FTE</b>	67.4	69.2	70.5	71.5	73.5	3.0	4.3%	
<b>Funding Types</b>								
General	191,864	199,712	202,720	202,720	202,720	0	0.0%	
Federal	0	0	0	0	0	0	0.0%	
Other	3,812,213	4,072,296	4,268,499	4,327,861	4,424,686	156,187	3.7%	
<b>Total PS</b>	4,004,077	4,272,008	4,471,219	4,530,581	4,627,406	156,187	3.5%	
<b>Operating Expenses</b>								
Travel	100,479	93,917	87,870	87,870	85,650	(2,220)	(2.5%)	
Contractual Services	1,582,867	1,893,468	2,070,534	2,072,148	1,590,095	(480,439)	(23.2%)	
Supplies & Materials	124,754	141,041	196,110	196,110	192,560	(3,550)	(1.8%)	
Capital Outlay	56,310	73,349	50,300	52,330	56,390	6,090	12.1%	
Other	6,587,385	6,047,232	9,570,270	9,570,270	550,000	(9,020,270)	(94.3%)	
<b>Funding Types</b>								
General	701,632	59,529	60,039	60,039	60,039	0	0.0%	
Federal	736,071	1,230,819	500,965	500,965	50,000	(450,965)	(90.0%)	
Other	7,014,093	6,958,659	11,414,080	11,417,724	2,364,656	(9,049,424)	(79.3%)	
<b>Total OE</b>	8,451,796	8,249,007	11,975,084	11,978,728	2,474,695	(9,500,389)	(79.3%)	
<b>Totals</b>								
<b>Funding Types</b>								
General	893,496	259,240	262,759	262,759	262,759	0	0.0%	
Federal	736,071	1,230,819	500,965	500,965	50,000	(450,965)	(90.0%)	
Other	10,826,306	11,030,955	15,682,579	15,745,585	6,789,342	(8,893,237)	(56.7%)	
<b>Total</b>	12,455,873	12,521,015	16,446,303	16,509,309	7,102,101	(9,344,202)	(56.8%)	

## Department Object Detail

Item	Actual FY2013	Actual FY2014	Budgeted FY2015	Governor Rec FY2016	Inc/Dec Over FY2015	% Change Over FY2015
<b>PERSONAL SERVICES</b>						
General Funds	191,864	199,712	202,720	202,720	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	3,812,213	4,072,296	4,268,499	4,424,686	156,187	3.7%
Total Personal Services	4,004,077	4,272,008	4,471,219	4,627,406	156,187	3.5%
<b>FTE</b>	67.4	69.2	70.5	73.5	3.0	4.3%
<b>TRAVEL</b>						
General Funds	7,233	8,153	8,400	8,400	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	93,246	85,763	79,470	77,250	(2,220)	(2.8%)
Total Travel	100,479	93,916	87,870	85,650	(2,220)	(2.5%)
<b>CONTRACTUAL SERVICES</b>						
General Funds	43,891	31,754	22,420	22,420	0	0.0%
Federal Funds	225,219	345,384	175,965	0	(175,965)	(100.0%)
Other Funds	1,313,757	1,516,331	1,872,149	1,567,675	(304,474)	(16.3%)
Total Contractual Services	1,582,867	1,893,469	2,070,534	1,590,095	(480,439)	(23.2%)
<b>SUPPLIES AND MATERIALS</b>						
General Funds	15,858	16,701	27,219	27,219	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	108,896	124,341	168,891	165,341	(3,550)	(2.1%)
Total Supplies and Materials	124,754	141,042	196,110	192,560	(3,550)	(1.8%)
<b>CAPITAL OUTLAY</b>						
General Funds	3,225	2,921	2,000	2,000	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	53,085	70,428	48,300	54,390	6,090	12.6%
Total Capital Outlay	56,310	73,349	50,300	56,390	6,090	12.1%
<b>OTHER</b>						
General Funds	631,425	0	0	0	0	0.0%
Federal Funds	510,852	885,435	325,000	50,000	(275,000)	(84.6%)
Other Funds	5,445,108	5,161,797	9,245,270	500,000	(8,745,270)	(94.6%)
Total Other	6,587,385	6,047,232	9,570,270	550,000	(9,020,270)	(94.3%)
<b>TOTAL</b>						
<b>General Funds</b>	<b>893,496</b>	<b>259,241</b>	<b>262,759</b>	<b>262,759</b>	<b>0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>736,071</b>	<b>1,230,819</b>	<b>500,965</b>	<b>50,000</b>	<b>(450,965)</b>	<b>(90.0%)</b>
<b>Other Funds</b>	<b>10,826,305</b>	<b>11,030,956</b>	<b>15,682,579</b>	<b>6,789,342</b>	<b>(8,893,237)</b>	<b>(56.7%)</b>
<b>Total All Funds</b>	<b>12,455,872</b>	<b>12,521,016</b>	<b>16,446,303</b>	<b>7,102,101</b>	<b>(9,344,202)</b>	<b>(56.8%)</b>

## Major Expansions and Reductions

Budget Item	Governor's Recommendation				
	General Funds	Federal Funds	Other Funds	Total Funds	FTE
State Compensation System Support Staff	-	-	167,119	167,119	3.0
Eliminating the Risk Pool	-	(450,965)	(9,060,356)	(9,511,321)	-
<b>Total</b>	-	(450,965)	(8,893,237)	(9,344,202)	3.0

**State Compensation System Support Staff** – 3.0 FTE including one compensation specialist, one trainer, and one management analyst to assist in the conversion and ongoing support for the new state employee compensation system. Recommendation includes an increase of \$167,119 in other fund authority for costs related to the new FTE.

**Eliminating the Risk Pool** – Recommendation includes a reduction of \$450,965 in federal funds and \$7,560,356 in other funds within the South Dakota Risk Pool, and a reduction of \$1,500,000 in other funds within the South Dakota Risk Pool Reserve. Recommendation phases out the SD Risk Pool, and completely eliminates the SD Risk Pool Reserve.

## PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS

The Mission of Personnel Management and Employee Benefits is to support state agencies in accomplishing their missions and goals by administering an effective and efficient human resource management system for the state of South Dakota and its employees.

Center 0141	Personnel Management/Employee Benefits						
	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	2,962,519	3,135,801	3,288,220	3,328,985	3,402,597	114,377	3.5%
Employee Benefits	945,964	1,064,794	1,079,339	1,097,936	1,121,149	41,810	3.9%
<b>FTE</b>	66.2	68.0	68.7	69.7	71.7	3.0	4.4%
<b>Funding Types</b>							
General	190,167	199,712	202,720	202,720	202,720	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	3,718,316	4,000,883	4,164,839	4,224,201	4,321,026	156,187	3.8%
<b>Total PS</b>	3,908,483	4,200,594	4,367,559	4,426,921	4,523,746	156,187	3.6%
<b>Operating Expenses</b>							
Travel	100,479	93,917	85,650	85,650	85,650	0	0.0%
Contractual Services	1,006,041	1,303,159	1,585,253	1,586,867	1,590,095	4,842	0.3%
Supplies & Materials	123,853	140,238	192,560	192,560	192,560	0	0.0%
Capital Outlay	56,310	73,349	50,300	52,330	56,390	6,090	12.1%
Other	67	52	0	0	0	0	0.0%
<b>Funding Types</b>							
General	58,796	59,529	60,039	60,039	60,039	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	1,227,955	1,551,186	1,853,724	1,857,368	1,864,656	10,932	0.6%
<b>Total OE</b>	1,286,750	1,610,715	1,913,763	1,917,407	1,924,695	10,932	0.6%
<b>Totals</b>							
<b>Funding Types</b>							
General	248,963	259,240	262,759	262,759	262,759	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	4,946,271	5,552,069	6,018,563	6,081,569	6,185,682	167,119	2.8%
<b>Total</b>	5,195,234	5,811,309	6,281,322	6,344,328	6,448,441	167,119	2.7%

### Budget Notes

**State Compensation System Support Staff** – Increase of \$167,119 in other fund expenditure authority and 3.0 FTE. FTE to include one compensation specialist, one trainer, and one management analyst to assist in the conversion and ongoing support for the new state employee compensation system. The budget increase includes \$156,187 in other fund expenditure authority for personal services costs related to new FTE; \$4,842 in other fund expenditure authority under contractual services for phone and computer services for new FTE; and \$6,090 in other fund expenditure authority under capital outlay for computer and software for the new FTE.

## SOUTH DAKOTA RISK POOL

The South Dakota Risk Pool is a health insurance program for those individuals who have involuntarily lost their prior creditable coverage through no fault of their own and who cannot obtain health insurance. The risk pool program, codified at SDCL 58-17-113 to 58-17-143, inclusive, is administered by this agency.

A 7-member board was created by the Legislature to administer the Risk Pool. The Governor appoints the members from the Governor's Office, Department of Social Services, Bureau of Human Resources, Department of Health, Division of Insurance, and 2 others. SDCL 58-17-119 requires the board to file a report with the Legislature by January 1 of each year. The report is to include information regarding the operation of the risk pool, assessments, number of enrollees, claims, expenses, and premiums.

Center 0143	South Dakota Risk Pool						
	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	73,897	54,517	89,019	89,019	89,019	0	0.0%
Employee Benefits	21,697	16,897	14,641	14,641	14,641	0	0.0%
<b>FTE</b>	1.2	1.1	1.8	1.8	1.8	0.0	0.0%
<b>Funding Types</b>							
General	1,697	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	93,897	71,414	103,660	103,660	103,660	0	0.0%
<b>Total PS</b>	95,594	71,414	103,660	103,660	103,660	0	0.0%
<b>Operating Expenses</b>							
Travel	0	0	2,220	2,220	0	(2,220)	(100.0%)
Contractual Services	576,826	590,309	485,281	485,281	0	(485,281)	(100.0%)
Supplies & Materials	901	804	3,550	3,550	0	(3,550)	(100.0%)
Other	6,587,318	6,047,180	8,070,270	8,070,270	550,000	(7,520,270)	(93.2%)
<b>Funding Types</b>							
General	642,836	0	0	0	0	0	0.0%
Federal	736,071	1,230,819	500,965	500,965	50,000	(450,965)	(90.0%)
Other	5,786,138	5,407,473	8,060,356	8,060,356	500,000	(7,560,356)	(93.8%)
<b>Total OE</b>	7,165,045	6,638,292	8,561,321	8,561,321	550,000	(8,011,321)	(93.6%)
<b>Totals</b>							
<b>Funding Types</b>							
General	644,533	0	0	0	0	0	0.0%
Federal	736,071	1,230,819	500,965	500,965	50,000	(450,965)	(90.0%)
Other	5,880,035	5,478,887	8,164,016	8,164,016	603,660	(7,560,356)	(92.6%)
<b>Total</b>	7,260,639	6,709,705	8,664,981	8,664,981	653,660	(8,011,321)	(92.5%)

### Budget Notes

**Eliminating the SD Risk Pool** – Reduction of \$450,965 in federal fund expenditure authority and \$7,560,356 in other fund expenditure authority for the elimination of the Risk Pool. Due to the Affordable Care Act, individuals have the option to purchase health insurance, regardless of medical conditions. Therefore, there is no longer a need to enroll individuals in the Risk Pool. However, the Risk Pool will continue providing coverage for current enrollees through June 30, 2015.

## SOUTH DAKOTA RISK POOL RESERVE

To be used in the event the risk pool needs additional funding.

Center 0144	South Dakota Risk Pool Reserve						
	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Other	0	0	1,500,000	1,500,000	0	(1,500,000)	(100.0%)
<b>Funding Types</b>							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	1,500,000	1,500,000	0	(1,500,000)	(100.0%)
<b>Total OE</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>(1,500,000)</b>	<b>(100.0%)</b>
<b>Totals</b>							
<b>Funding Types</b>							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	1,500,000	1,500,000	0	(1,500,000)	(100.0%)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>(1,500,000)</b>	<b>(100.0%)</b>

### Budget Notes

**Eliminating the SD Risk Pool** – Reduction of \$1,500,000 in other fund expenditure authority for the elimination of the SD Risk Pool Reserve.

**Governor's Recommended Employee Compensation and Billings Pool – (page 01-23 of the Governor's FY16 budget book)**

For FY16, the Governor recommended the 1) state employee compensation plan, 2) bureau billings, and 3) captive insurance be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or captive insurance.*

- Below are the estimated distributions for employee compensation for FY16. BFM will distribute dollars from the Pool after employees are placed in the new General Pay Structure and career band pay-for-performance scores and percentages are calculated. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

<b>Est. FY16 Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Market Adjustments	3,484	0	74,385	77,869
Movement Toward Market Value	4,472	149	75,569	80,190
<i>Total Comp Pkg</i>	7,956	149	149,954	158,059

- ✓ Recommended FY16 – 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.
  - ✓ FY15 – 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.
  - ✓ FY14 – 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.
  - ✓ FY13 – 3% across-the-board for all permanent employees (including Career Bands); 2.5% adjustment toward job worth for PACE; 0%-7% adjustment toward market value for Career Bands; 3.3% health insurance.
- Below are the estimated distributions for bureau billings for FY16. The amount distributed to the agency will be in addition to the agency's appropriated contractual services budget.

<b>Est. FY16 Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Bureau Billings for Expansion	2,085	65	60,564	62,714
Bureau Billings for Comp Pkg	503	31	19,972	20,506
<i>Total</i>	2,588	96	80,536	83,220

- The estimated distribution for Captive Insurance is not available at this time.

## Interagency Billings

Below are the sources of funds the BHR used to pay for services provided by central governmental bureaus in FY2014.

<b>FY14 Actual Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Bureau of Administration	17,049	681	238,027	255,757
Bureau of Finance and Management	5	1,486	36,932	38,423
Bureau of Human Resources	-	-	5,541	5,541
Bureau of Information and Telecommunications	17,058	-	500,880	517,938
<i>Total Bureau Billings</i>	34,112	2,167	781,380	817,659

## BHR Billings Revenue

### FY2014 BHR Revenue Billings Summary

<b>Department</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
Governor's Office	17,227.97	1,008.08	5,797.42	24,033.45
Bureau of Finance and Mgmt.	6,638.75	-	11,687.54	18,326.29
Bureau of Administration	2,778.03	-	71,462.11	74,240.14
Bureau of Information & Telecomm.	35,495.59	3,872.53	135,813.24	175,181.36
Bureau of Human Resources	-	-	5,541.00	5,541.00
Revenue	6,367.39	-	122,749.41	129,116.80
Agriculture	38,433.63	30,564.25	78,821.07	147,818.95
Tourism	6,069.46	28.00	11,147.52	17,244.98
Game, Fish, & Parks	-	-	327,763.34	327,763.34
Tribal Relations	973.57	-	-	973.57
Social Services	417,685.02	385,692.76	10,128.83	813,506.61
Health	29,846.70	113,151.83	86,785.87	229,784.40
Labor	3,627.91	153,543.58	63,826.41	220,997.90
Retirement	-	-	7,384.38	7,384.38
Transportation	-	-	780,966.09	780,966.09
Education	26,253.03	46,044.95	-	72,297.98
Public Safety	18,942.02	27,997.23	156,687.43	203,626.68
Board of Regents	713.00	-	2,435.00	3,148.00
Military	8,976.44	39,544.54	1,247.39	49,768.37
Veterans Affairs	7,693.61	902.76	41,166.44	49,762.81
Corrections	395,297.49	8,061.29	14,779.87	418,138.65
Human Services	112,646.52	222,018.26	1,290.87	335,955.65
Environment & Natural Resources	36,880.06	38,418.96	25,248.50	100,547.52
Public Utilities Commission	680.16	402.37	7,033.59	8,116.12
Unified Judicial System	-	-	3,081.00	3,081.00
Legislature	149.00	-	-	149.00
Attorney General	540.00	228.00	645.00	1,413.00
School & Public Lands	-	-	-	-
Secretary of State	42.00	-	-	42.00
State Treasurer	-	-	-	-
State Auditor	-	-	-	-
<b>Total</b>	<b>1,173,957.35</b>	<b>1,071,479.37</b>	<b>1,973,489.32</b>	<b>4,218,926.04</b>

## Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance June 30		60-Month Average	Lowest Monthly Cash Balance in Past Five Years	
		FY2013	FY2014	Cash Balance	Amount	Month
Company 3035 - State Employees Benefits Plan Fund	63	20,791,006	46,370,133	22,868,205	11,123,877	March 2013
Company 3035 - State Employees Workers' Compensation Program Fund	64	5,741,182	4,490,927	5,666,819	4,238,526	March 2010
Company 3035 - Dakota Cement Life and Workers' Compensation	65	278,158	233,455	237,932 #	0	July 2009
Company 6009 - Human Resources - Labor & Mgmt.	66	903,313	962,763	839,416	544,969	July 2009
Company 6521 - South Dakota Risk Pool Fund	67	7,107,025	6,270,035	6,989,997	5,639,089	March 2014
Company 8000 - Agency Fund	68	7,259	248,063	N/A	N/A	N/A
Company 8301 - State Workers Unemployment Compensation	69	316,933	190,418	165,608	1,839	July 2010

#Average cash balance and lowest cash balance are actually less than five years due to age of fund.

## FY16 Recommended State Employee Compensation Plan

The FY16 recommended State Employee Compensation Plan includes two main components: 1) a market adjustment and 2) movement toward market value.

### 1. Market Adjustment:

- a) All permanent state employees, except those in Career Bands, will receive a 2% market adjustment.
- b) Career Band employees will receive market adjustments based on actual market movement of the job family:
  - Nursing: 0%
  - Information Technology: 1.1%
  - Accountants/Auditors: 1.7%
  - Engineers: 2.0%
  - Environmental Scientists: 6.6%

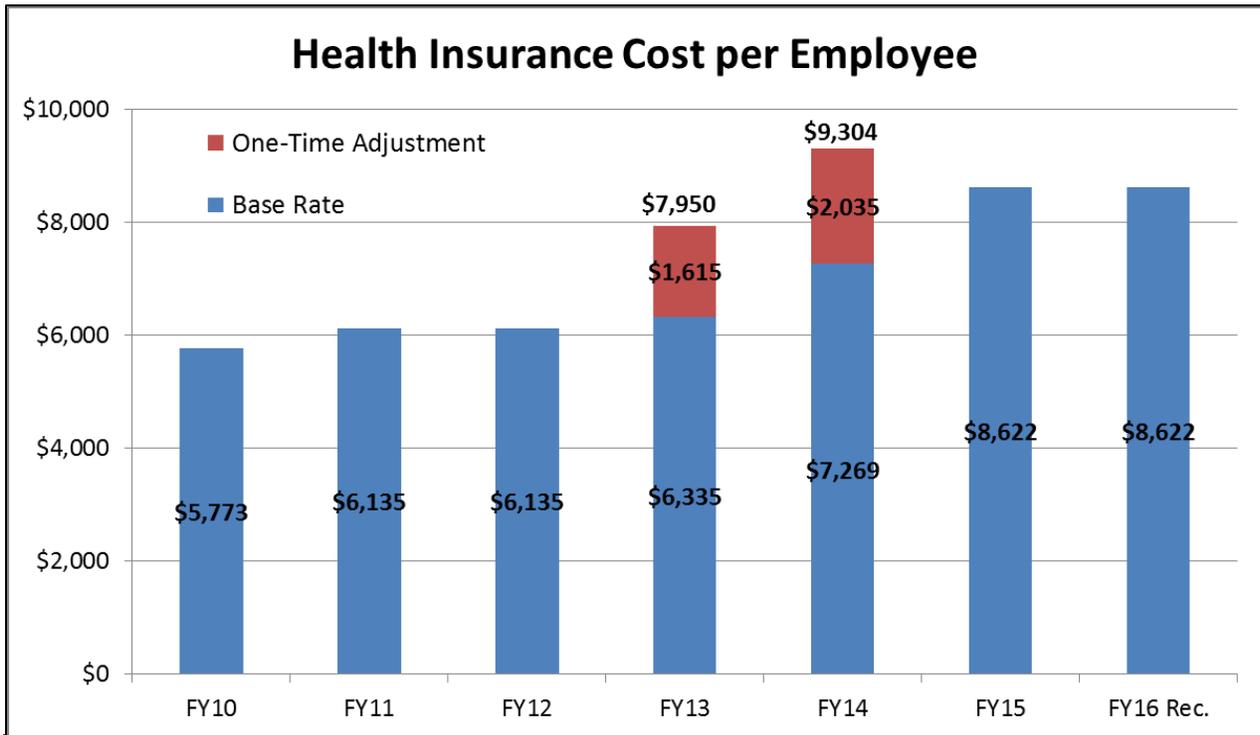
### 2. Movement toward Market Value:

- a) The Governor is moving all permanent employees under his control not currently in career bands from the PACE system, along with other classified civil service employees, into a new market-based General Pay Structure. Employees included in the new General Pay Structure and those remaining in the PACE system are recommended to receive a 2.5% movement toward market value. Unclassified employees will receive 0% movement toward market value.
- b) Employees in Career Band families are recommended to receive a 0% to 4.5% performance-based adjustment toward market value.

There is no recommended budget increase for the employer-paid portion of the state employee health insurance plan.

## Health Insurance Per Benefitted Employee History

1. FY10 - \$5,773
2. FY11 - \$6,135
3. FY12 - \$6,135
4. FY13 - \$6,335, plus a one-time adjustment of \$1,615, totaling \$7,950
5. FY14 - \$7,269, plus a one-time adjustment of \$2,035, totaling \$9,304
6. FY15 - \$8,622
7. FY16 - \$8,622



## Federal Funds Project

The 2015 Joint Committee on Appropriations Budget Call Letter to agencies requested information on the amount of federal funds the agency expects in FY2016 and a contingency plan if the expected funds were to decrease. In FY2013 (the most recent audited material) BHR expended \$736,071 in federal funds.

**STATE OF SOUTH DAKOTA**

**Schedule of Expenditures of Federal Awards by Federal Department**

Fiscal Year Ended June 30, 2013

State	CFDA	Federal Agency	Program	FY13 Expenditures/ Disbursements/ Issuances	Mandatory (M) / Discretionary (D)	Match Rate State Share%/Fed Share %	Funding Available in FY16? If "No/Unknown", provide your contingency plan. If "Yes", provide dollar amount
Bureau of Human Resources	93.780	Centers for Medicare and Medicaid Services	Grants to States for Operation of Qualified High-Risk Pools	736,071	D	No Match rate	Elimination of Risk Pool in FY16 eliminates the need for this funding.

**Notes:** The FY13 total displayed above will differ from actual federal funds expended as displayed in the budget materials because some grants are expended from multiple agencies. Mandatory/Discretionary determination per FFIS.

Mandatory Grant (Direct Spending) - *Program funding level determined by authorizing legislation, which provides specific funding level or adjusts the level based on eligibility factors, such as caseloads and costs. For some mandatory programs, the funding level is set by the authorizing legislation, but the program is funded through the appropriations process.*

Discretionary Grant - *Program funding is determined by the annual appropriations process.*