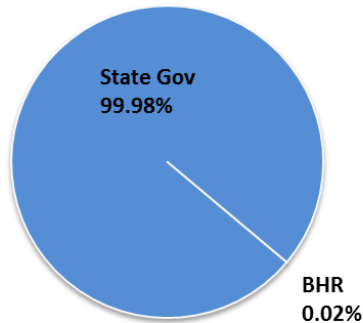


FY17 Budget Briefing

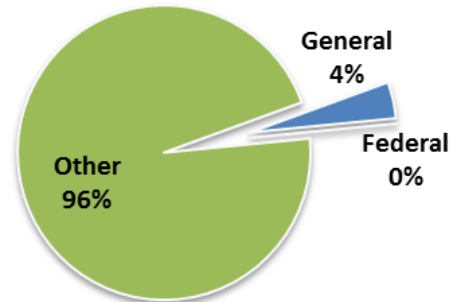
Bureau of Human Resources

Information contained in this document is based on the Governor's original recommended FY17 budget.
This document may not correspond with the final FY17 budget adopted by the Legislature.

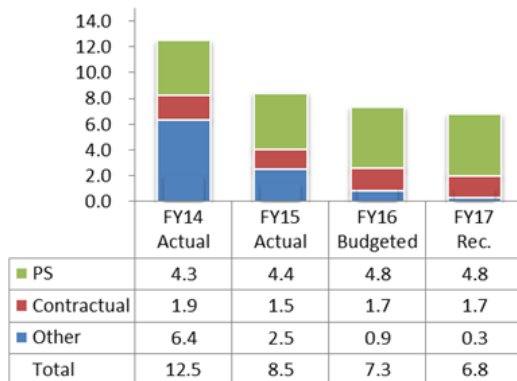
Agency Share of Budgeted General Funds



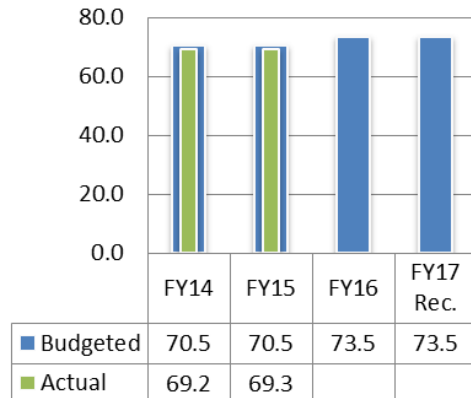
Sources of Funds



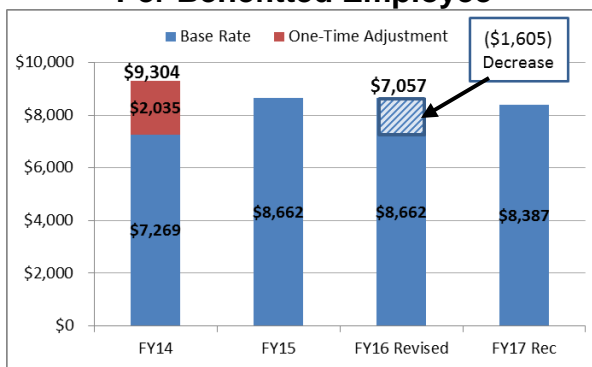
Budget History (\$ Millions)



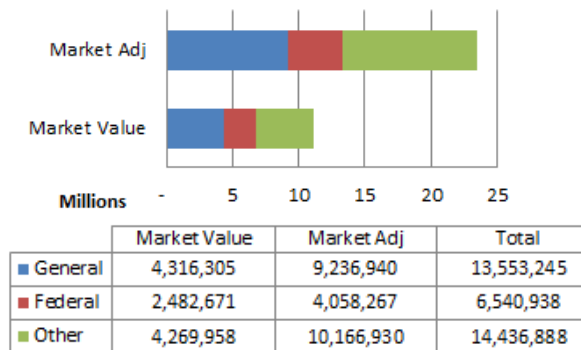
FTE



Budgeted Health Insurance Cost Per Benefitted Employee



Distribution of State Salary Policy



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
- Chris Houlette, Senior Staff Attorney
- Terry Miller, Director of Executive Management Finance Office
- Mary Keeler, Accounting Manager

Department Total

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	3,190,317	3,325,284	3,615,782	3,615,782	3,615,782	0	0.0%
Employee Benefits	1,081,691	1,060,459	1,150,179	1,150,179	1,150,179	0	0.0%
FTE	69.2	69.3	73.5	73.5	73.5	0.0	0.0%
Funding Types							
General	199,712	202,699	209,552	209,552	209,552	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	4,072,296	4,183,045	4,556,409	4,556,409	4,556,409	0	0.0%
Total PS	4,272,008	4,385,743	4,765,961	4,765,961	4,765,961	0	0.0%
Operating Expenses							
Travel	93,917	98,516	92,850	92,850	92,850	0	0.0%
Contractual Services	1,893,468	1,531,468	1,700,144	1,700,144	1,700,144	0	0.0%
Supplies & Materials	141,041	166,753	177,913	177,913	177,913	0	0.0%
Capital Outlay	73,349	72,160	56,390	56,390	56,390	0	0.0%
Other	6,047,232	2,206,335	550,000	0	0	(550,000)	(100.0%)
Funding Types							
General	59,529	60,038	63,504	63,504	63,504	0	0.0%
Federal	1,230,819	495,347	50,000	0	0	(50,000)	(100.0%)
Other	6,958,659	3,519,847	2,463,793	1,963,793	1,963,793	(500,000)	(20.3%)
Total OE	8,249,007	4,075,232	2,577,297	2,027,297	2,027,297	(550,000)	(21.3%)
Totals							
Funding Types							
General	259,240	262,737	273,056	273,056	273,056	0	0.0%
Federal	1,230,819	495,347	50,000	0	0	(50,000)	(100.0%)
Other	11,030,955	7,702,892	7,020,202	6,520,202	6,520,202	(500,000)	(7.1%)
Total	12,521,015	8,460,976	7,343,258	6,793,258	6,793,258	(550,000)	(7.5%)

Department Object Detail

Item	Actual FY2014	Actual FY2015	Budgeted FY2016	Governor Rec FY2017	Inc/Dec Over FY2016	% Change Over FY2016
PERSONAL SERVICES						
General Funds	199,712	202,699	209,552	209,552	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	4,072,296	4,183,044	4,556,409	4,556,409	0	0.0%
Total Personal Services	4,272,008	4,385,743	4,765,961	4,765,961	0	0.0%
FTE	69.2	69.3	73.5	73.5	0.0	0.0%
TRAVEL						
General Funds	8,153	6,099	8,400	8,400	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	85,763	92,417	84,450	84,450	0	0.0%
Total Travel	93,916	98,516	92,850	92,850	0	0.0%
CONTRACTUAL SERVICES						
General Funds	31,754	37,020	39,808	39,808	0	0.0%
Federal Funds	345,384	120,393	0	0	0	0.0%
Other Funds	1,516,331	1,374,055	1,660,336	1,660,336	0	0.0%
Total Contractual Services	1,893,469	1,531,468	1,700,144	1,700,144	0	0.0%
SUPPLIES AND MATERIALS						
General Funds	16,701	14,937	13,296	13,296	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	124,341	151,816	164,617	164,617	0	0.0%
Total Supplies and Materials	141,042	166,753	177,913	177,913	0	0.0%
CAPITAL OUTLAY						
General Funds	2,921	1,982	2,000	2,000	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	70,428	70,178	54,390	54,390	0	0.0%
Total Capital Outlay	73,349	72,160	56,390	56,390	0	0.0%
OTHER						
General Funds	0	0	0	0	0	0.0%
Federal Funds	885,435	374,954	50,000	0	(50,000)	(100.0%)
Other Funds	5,161,797	1,831,381	500,000	0	(500,000)	(100.0%)
Total Other	6,047,232	2,206,335	550,000	0	(550,000)	(100.0%)
TOTAL						
General Funds	259,241	262,737	273,056	273,056	0	0.0%
Federal Funds	1,230,819	495,347	50,000	0	(50,000)	(100.0%)
Other Funds	11,030,956	7,702,891	7,020,202	6,520,202	(500,000)	(7.1%)
Total All Funds	12,521,016	8,460,975	7,343,258	6,793,258	(550,000)	(7.5%)

MAJOR EXPANSIONS AND REDUCTIONS

Budget Item	<u>Governor's Recommendation</u>				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
Personnel Management/Employee Benefits FTE	-	-	19,569	19,569	0.3
South Dakota Risk Pool Repeal					
Personal Services	-	-	(19,569)	(19,569)	(0.3)
Operating Expenses	-	(50,000)	(500,000)	(550,000)	-
TOTAL	-	(50,000)	(500,000)	(550,000)	0.0

Personnel Management/Employee Benefits FTE: Increase of **\$19,569** in **other fund** expenditure authority and an increase **0.3 FTE**. These personal services items are being reallocated from the repeal of the South Dakota Risk Pool program. The FTE hours used and salaries and benefits expended come from various full-time positions that previously directed a small portion of their time to the Risk Pool.

South Dakota Risk Pool Repeal: Decrease of **(\$50,000)** in **federal fund** expenditure authority, decrease of **(\$519,569)** in **other fund** expenditure authority, and a decrease of **(0.3) FTE** due to the repeal of the South Dakota Risk Pool enacted in HB1015 of the 2015 Legislative Session.

Selected Statistical Data:	ACTUAL FY14	ACTUAL FY15	ESTIMATE FY16	ESTIMATE FY17
Applications Received/Jobs Announced	22,906/1,520	17,936/1,607	20,000/1,700	20,000/1,700
Courses Offered/Participants	386/6,554	475/7,445	490/7,575	505/7,650
Insurance Plan Participants:				
Health: Employees, COBRA, Retiree/Dependents	13,413/13,426	13,328/13,360	13,251/13,381	13,251/13,381
Life: Employees/Supplemental	19,952/5,982	12,988/5,810	12,994/5,689	12,994/5,689
Health Plan Participants Screened	12,134	11,045	13,000	11,500
Number of Members Enrolled in Case Management	444	764	780	790
Number of Members Enrolled in Condition Management	2,715	3,389	3,450	3,500
Employee Assistance Program Utilization	870	449	580	675
Flexible Benefits Participants	11,400	10,977	11,205	11,205
Flexible Benefits Salary Sheltered	\$29,054,935	\$28,836,196	\$28,963,400	\$29,000,000
Workers' Compensation Total Eligibles	27,742	27,849	28,000	28,000

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.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	3,135,801	3,310,420	3,600,782	3,615,782	3,615,782	15,000	0.4%
Employee Benefits	1,064,794	1,055,584	1,145,610	1,150,179	1,150,179	4,569	0.4%
FTE	68.0	68.9	73.2	73.5	73.5	0.3	0.4%
Funding Types							
General	199,712	202,699	209,552	209,552	209,552	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	4,000,883	4,163,305	4,536,840	4,556,409	4,556,409	19,569	0.4%
Total PS	4,200,594	4,366,003	4,746,392	4,765,961	4,765,961	19,569	0.4%
Operating Expenses							
Travel	93,917	98,516	92,850	92,850	92,850	0	0.0%
Contractual Services	1,303,159	1,329,332	1,700,144	1,700,144	1,700,144	0	0.0%
Supplies & Materials	140,238	166,137	177,913	177,913	177,913	0	0.0%
Capital Outlay	73,349	72,160	56,390	56,390	56,390	0	0.0%
Other	52	0	0	0	0	0	0.0%
Funding Types							
General	59,529	60,038	63,504	63,504	63,504	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	1,551,186	1,606,107	1,963,793	1,963,793	1,963,793	0	0.0%
Total OE	1,610,715	1,666,145	2,027,297	2,027,297	2,027,297	0	0.0%
Totals							
Funding Types							
General	259,240	262,737	273,056	273,056	273,056	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	5,552,069	5,769,411	6,500,633	6,520,202	6,520,202	19,569	0.3%
Total	5,811,309	6,032,149	6,773,689	6,793,258	6,793,258	19,569	0.3%

Budget Notes

Personnel Management/Employee Benefits FTE: Increase of **\$19,569** in **other fund** expenditure authority and an increase **0.3 FTE**. These budgeted personal services items are being reallocated from the repeal of the South Dakota Risk Pool program. The FTE hours used and salaries and benefits expended come from various full-time positions that previously directed a small portion of their time to the Risk Pool.

SOUTH DAKOTA RISK POOL

The mission of the South Dakota Risk Pool is to provide health care coverage to state residents who have involuntarily lost their prior creditable coverage through no fault of their own and who cannot obtain other coverage.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	54,517	14,865	15,000	0	0	(15,000)	(100.0%)
Employee Benefits	16,897	4,875	4,569	0	0	(4,569)	(100.0%)
FTE	1.1	0.3	0.3	0.0	0.0	(0.3)	(100.0%)
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	71,414	19,740	19,569	0	0	(19,569)	(100.0%)
Total PS	71,414	19,740	19,569	0	0	(19,569)	(100.0%)
Operating Expenses							
Travel	0	0	0	0	0	0	0.0%
Contractual Services	590,309	202,137	0	0	0	0	0.0%
Supplies & Materials	804	615	0	0	0	0	0.0%
Other	6,047,180	2,206,335	550,000	0	0	(550,000)	(100.0%)
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	1,230,819	495,347	50,000	0	0	(50,000)	(100.0%)
Other	5,407,473	1,913,740	500,000	0	0	(500,000)	(100.0%)
Total OE	6,638,292	2,409,087	550,000	0	0	(550,000)	(100.0%)
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	1,230,819	495,347	50,000	0	0	(50,000)	(100.0%)
Other	5,478,887	1,933,480	519,569	0	0	(519,569)	(100.0%)
Total	6,709,705	2,428,827	569,569	0	0	(569,569)	(100.0%)

Budget Notes

South Dakota Risk Pool Repeal: Decrease of **(\$50,000)** in **federal fund** expenditure authority and a decrease of **(\$519,569)** in **other fund** expenditure authority. Under provisions of the federal Affordable Care Act, individuals have the option to purchase health insurance regardless of pre-existing medical conditions. Therefore, there is no longer a need to enroll individuals in the South Dakota Risk Pool. **This program was repealed by HB1015 in the 2015 Legislative Session.**

Revenues:	ACTUAL	ACTUAL	ESTIMATE	ESTIMATE
	FY14	FY15	FY16	FY17
Member Premiums	\$3,067,700	\$1,078,014	\$0	\$0

Selected Statistical Data:	ACTUAL	ACTUAL	ESTIMATE	ESTIMATE
	FY14	FY15	FY16	FY17
Risk Pool Members	641	84	0	0
SB 200-Closed Block Members	40	18	0	0

Governor's Recommended State Employee Compensation Plan

For FY17, 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 decrease 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 decrease for health insurance.*

- Below are the estimated distributions for employee compensation for FY17. BFM will distribute dollars from the Pool after calculating the increase for salary policy and the decrease for employee health insurance. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

FY17 Salary Policy Component	Object	General	Federal	Other	Total
Health Insurance	PS	(\$858)	\$0	(\$18,667)	(\$19,525)
Market Adjustment	PS	\$4,970	\$0	\$106,099	\$111,069
Movement Towards Market Value	PS	\$4,360	\$0	\$83,678	\$88,038
Health Insurance	OE	(\$34)	\$0	(\$2,123)	(\$2,157)
Market Adjustment	OE	\$59	\$0	\$1,722	\$1,781
Movement Towards Market Value	OE	\$45	\$0	\$6,720	\$6,765
	Total	\$8,542	\$0	\$177,429	\$185,971

- Recommended FY17: 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.
 - 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.
- Below are the estimated increases to the bureau billings for FY17. The amount distributed from the BFM pool to the agency will be in addition to the agency's appropriated contractual services budget.

Estimated FY17	General	Federal	Other	Total
Bureau Billing Adjustments	35	-	1,206	1,241

Interagency Billings

Below are the sources of funds BHR 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 FY2015.

Bureau Name	General	Federal	Other	Total
Bureau of Finance and Management	\$5	\$0	\$40,539	\$40,543
Bureau of Administration	\$13,738	\$0	\$236,995	\$250,732
Bureau of Information and Telecommunication	\$5,125	\$0	\$619,707	\$624,832
Bureau of Human Resources	\$86	\$0	\$10,675	\$10,761
Total FY15 Interagency Payments	\$18,953	\$0	\$907,916	\$926,869

BHR Billings Revenue

**FY2015 Interagency Actual Expenditures
Bureau of Human Resources**

Agency Name	General	Federal	Other	Total
Governor's Office	\$13,346	\$914	\$4,598	\$18,857
Finance & Management	\$5,906	\$0	\$16,063	\$21,969
Administration	\$3,245	\$0	\$71,161	\$74,406
Information & Telecommunications	\$33,905	\$1,762	\$143,678	\$179,345
Human Resources	\$86	\$0	\$10,675	\$10,761
Revenue	\$5,664	\$0	\$123,225	\$128,889
Agriculture	\$48,516	\$27,606	\$70,806	\$146,928
Tourism	\$5,605	\$93	\$14,915	\$20,612
Game, Fish & Parks	\$0	\$0	\$313,000	\$313,000
Tribal Affairs	\$1,054	\$0	\$0	\$1,054
Social Services	\$422,201	\$385,245	\$10,209	\$817,655
Health	\$26,818	\$117,273	\$86,801	\$230,892
Labor and Regulation	\$3,454	\$146,904	\$60,547	\$210,905
Retirement System	\$0	\$0	\$6,872	\$6,872
Transportation	\$0	\$0	\$745,800	\$745,800
Education	\$28,205	\$49,218	\$0	\$77,423
Public Safety	\$18,313	\$25,993	\$163,911	\$208,217
Board of Regents	\$634	\$0	\$1,497	\$2,131
Military	\$8,905	\$40,326	\$1,364	\$50,595
Veterans' Affairs	\$7,658	\$895	\$46,995	\$55,548
Corrections	\$382,743	\$9,203	\$17,798	\$409,743
Human Services	\$112,910	\$230,065	\$987	\$343,962
Environment & Natural Resources	\$31,932	\$38,080	\$24,406	\$94,419
Public Utilities Commission	\$1,012	\$349	\$5,096	\$6,458
Unified Judicial System	\$21	\$0	\$4,302	\$4,323
Legislature	\$65	\$0	\$0	\$65
Attorney General	\$57	\$172	\$4,021	\$4,250
School and Public Lands	\$0	\$0	\$0	\$0
Secretary of State	\$99	\$0	\$0	\$99
State Treasurer	\$0	\$0	\$0	\$0
State Auditor	\$0	\$0	\$0	\$0
Total	\$1,162,354	\$1,074,098	\$1,948,728	\$4,185,180

Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance on June 30		60-Month Average	Lowest Monthly Cash Balance in Past Five Years	
		FY2014	FY2015	Cash Balance	Amount	Month
Co 3035 - State Employees Benefits Plan Fund	64	\$ 46,370,133	\$ 57,849,504	\$ 28,142,837	\$ 11,123,877	March 2013
Co 3035 - State Employees Workers' Compensation Program Fund	65	\$ 4,490,927	\$ 4,373,351	\$ 5,630,126	\$ 4,368,604	May 2015
Co 3035 - Dakota Cement Life and Workers' Compensation	66	\$ 233,455	\$ 231,549	\$ 286,477	\$ 231,549	June 2015
Co 6009 - Human Resources - Labor & Mgmt.	67	\$ 962,763	\$ 1,034,191	\$ 862,708	\$ 575,993	November 2013
Co 6521 - South Dakota Risk Pool Fund	68	\$ 6,270,035	\$ 3,303,853	\$ 6,709,057	\$ 3,303,853	June 2015
Co 8000 - Agency Fund	69	\$ 248,063	\$ 9,531	N/A	N/A	N/A
Co 8301 - State Workers Unemployment Compensation	70	\$ 190,418	\$ 190,077	\$ 174,986	\$ 1,839	July 2010

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

FY2017 Recommended State Employee Compensation Plan

The FY2017 State Employee Compensation Plan recommended by the Governor includes three main components: 1) a market adjustment, 2) movement toward market value, and 3) a decrease to the employer-paid portion of the state employee health insurance plan.

1. Market Adjustment:

- a) All permanent state employees, except those in Career Bands, will receive a 2.7% market adjustment.
- b) Career Band employees will receive market adjustments based on actual market movement of the job family:
 - Accountants/Auditors: 0.0%
 - Information Technology: 0.0%
 - Nurses: 1.0%
 - Environmental Scientists: 2.5%
 - Engineers: 2.7%

2. Movement Toward Market Value:

- a) For FY2017, the employees in the General Pay Structure established last year are recommended to receive a 2.5% movement towards their new market values.
 - b) Employees in Career Band families are recommended to receive a 0% to 4.5% performance-based adjustment toward market value, averaging 2.5%.
 - c) The Governor has also recommended bringing all pay grades up to at least 85% of true market minimums. Jobs affected include building maintenance workers, secretaries, correctional officers, and mental health aides.
3. A decrease of \$275 per benefitted employee is recommended for the employer-paid portion of the state employee health insurance plan due to lower than anticipated claims.

Health Insurance Cost Per Benefitted Employee

FY08: **\$5,523**

FY09: **\$5,773**

FY10: **\$5,773**

FY11: **\$6,135**

FY12: **\$6,135**

FY13: \$6,335, plus a one-time adjustment of \$1,615, totaling **\$7,950**

FY14: \$7,269, plus a one-time adjustment of \$2,035, totaling **\$9,304**

FY15: **\$8,662**

FY16: \$8,662, minus a one-time adjustment of \$1,605 totaling **\$7,057**

FY17: **\$8,387**

