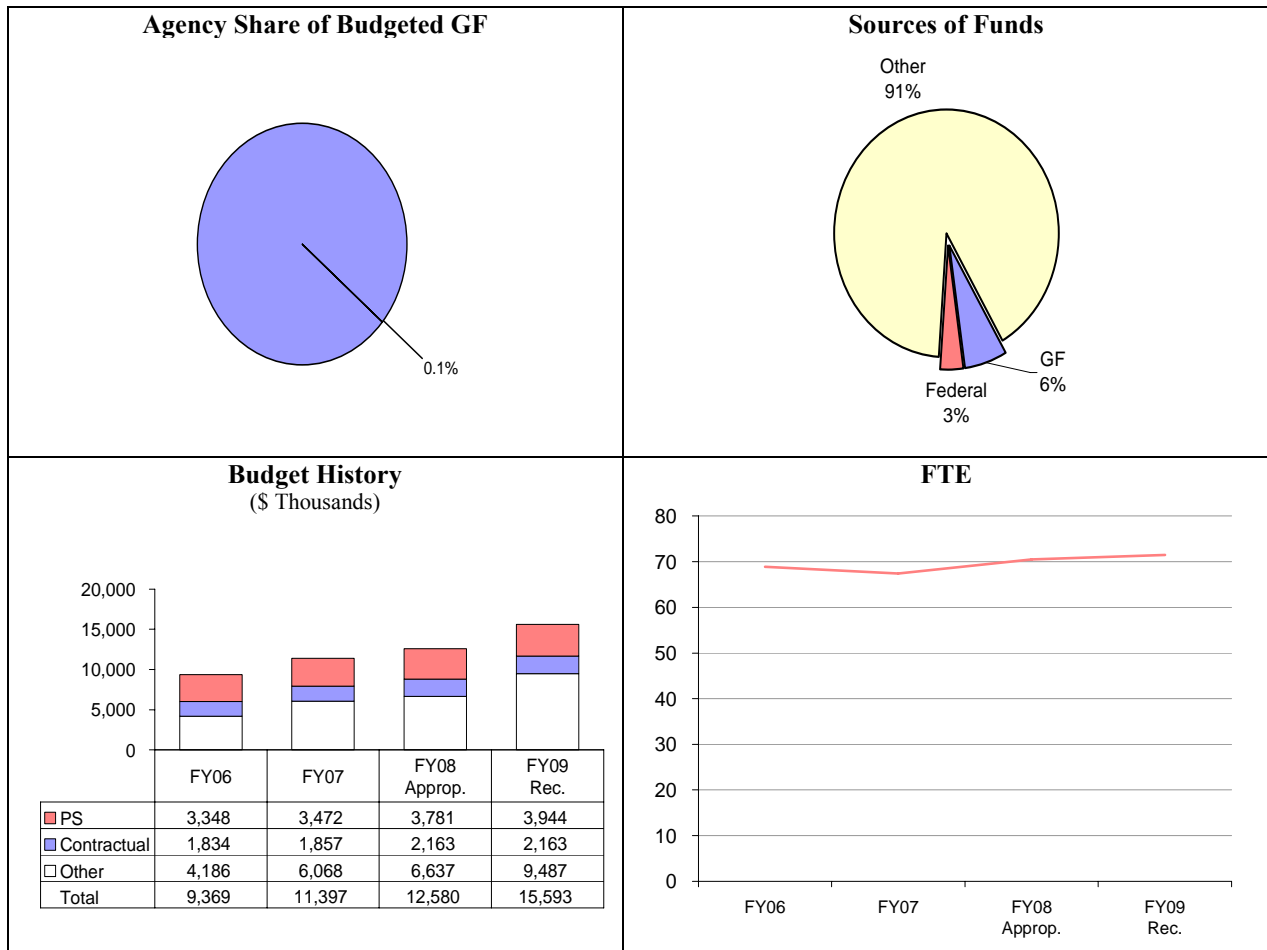


# FY09 Budget Briefing

# Bureau of Personnel



## Key Responsibilities

The Bureau of Personnel, a part of the Department of Executive Management, manages the human resource management system in combination with the Career Service Commission and the Law Enforcement Civil Service Commission. The bureau establishes compensation levels and benefits. As manager of the civil service system, the bureau classifies positions in the executive branch, announces vacancies, screens applicants, provides training, and investigates labor issues. In the 2003 Special Session, the Legislature authorized the agency to administer a health insurance risk pool for those individuals who have involuntarily lost their prior creditable coverage through no fault of their own and who cannot obtain health insurance.

## Key Personnel

- Sandra Zinter, Commissioner
- Jim Neiles, Director of Executive Finance Office
- Mary Keeler, Accounting Manager

## **Bureau Total**

The Governor recommends for FY 2009 a total appropriation of \$15,593,200 and 71.5 FTE for the Bureau of Personnel. This dollar amount consists of \$967,831 from the State general fund, \$500,000 from federal sources, and \$14,125,369 from other funds. The Governor's recommendation is an overall increase of 24.0% in funding over FY 2008, with the recommended appropriation from the State general fund increasing by 6.5%, and other funds increasing by 26.4%. The Governor's recommendation for FTEs is increasing by 1.0.

<b>Items</b>	<b>Actual FY07</b>	<b>Budgeted FY08</b>	<b>Agency Req. FY09</b>	<b>Gov Rec. FY09</b>	<b>Inc/Dec FY09</b>	<b>% Change From FY08</b>
Personal Services	3,471,843	3,780,653	3,780,653	3,943,692	163,039	4.3%
Travel	102,555	92,200	92,200	92,200	-	0.0%
Contractual Services	1,856,693	2,162,517	2,162,517	2,162,517	-	0.0%
Supplies & Materials	220,792	227,723	227,723	227,723	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	117,078	33,043	33,043	33,043	-	0.0%
Other	5,627,676	6,284,025	9,134,025	9,134,025	2,850,000	45.4%
<b>Total</b>	<b>11,396,637</b>	<b>12,580,161</b>	<b>15,430,161</b>	<b>15,593,200</b>	<b>3,013,039</b>	<b>24.0%</b>
<b>Funding Types</b>						
General	844,037	908,583	958,583	967,831	59,248	6.5%
Federal	1,098,428	500,000	500,000	500,000	-	0.0%
Other	9,454,172	11,171,578	13,971,578	14,125,369	2,953,791	26.4%
<b>Total</b>	<b>11,396,637</b>	<b>12,580,161</b>	<b>15,430,161</b>	<b>15,593,200</b>	<b>3,013,039</b>	<b>24.0%</b>
FTE	67.4	70.5	70.5	71.5	1.0	1.4%

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 2.5% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package are as follows:

	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total</b>
2.5% PACE Movement	1,667	0	22,026	23,693
2.5% Across-the-Board	6,375	0	78,790	85,165
Health Insurance	1,206	0	16,538	17,744
	9,248	0	117,354	126,602

**Major Expansion and Reductions**

Program	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. South Dakota Risk Pool	-	-				
-Insurance Claims	50,000	2,850,000		50,000	2,850,000	
-Personal Services - New Position					36,437	1.0
Governor's Salary Policy				9,248	126,602	
Total	50,000	2,850,000	-	59,248	3,013,039	1.0

A. South Dakota Risk Pool— The Governor concurs with the agency in recommending an increase in general fund authority of \$50,000 and an increase in other fund authority of \$2,800,000 for higher expected insurance claims due to an increase in the use of the pool.

The Governor is also recommending an increase in other fund authority of \$36,437 and 1.0 additional FTE. This additional position will spend time reviewing and qualifying applications, answering questions for current potential plan members concerning enrollment, premiums, benefit levels and payment of claims. Currently, these duties are being performed by the Risk Pool manger and need to be transferred to another position to allow the manager more time for higher level managerial and analytical functions within the program.

## Personnel Management and Employee Benefits

The Bureau of Personnel, a part of the Department of Executive Management, establishes and manages the human resource system in combination with the Career Service Commission and the Law Enforcement Civil Service Commission. The bureau establishes compensation levels and benefits. As manager of the civil service system, the bureau classifies positions in the executive branch, announces vacancies, screens applicants, provides training, and investigates labor issues. The Bureau of Personnel also administers group health, workers' compensation, life and flexible benefit plans for state employees.

The Governor is recommending a total appropriation for FY 2009 of \$6,029,093 which includes \$257,750 from the State general fund and \$5,771,343 from other funds. The Governor is also recommending 70.5 FTEs, which is the same as FY 2008. The Governor's recommendation is an increase of \$6,339 (2.5%) from the State general fund and \$116,120 (2.1%) from other funds.

Items	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	3,414,431	3,698,481	3,698,481	3,820,940	122,459	3.3%
Travel	99,054	92,200	92,200	92,200	-	0.0%
Contractual Services	1,515,488	1,855,187	1,855,187	1,855,187	-	0.0%
Supplies & Materials	220,792	227,723	227,723	227,723	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	117,078	33,043	33,043	33,043	-	0.0%
Other	1,909	-	-	-	-	0.0%
<b>Total</b>	<b>5,368,752</b>	<b>5,906,634</b>	<b>5,906,634</b>	<b>6,029,093</b>	<b>122,459</b>	<b>2.1%</b>
<b>Funding Types</b>						
General	243,625	251,411	251,411	257,750	6,339	2.5%
Federal	-	-	-	-	-	0.0%
Other	5,125,126	5,655,223	5,655,223	5,771,343	116,120	2.1%
<b>Total</b>	<b>5,368,751</b>	<b>5,906,634</b>	<b>5,906,634</b>	<b>6,029,093</b>	<b>122,459</b>	<b>2.1%</b>
FTE	66.3	70.5	70.5	70.5	-	0.0%

- The Governor's recommended salary policy for Personnel Management and Employee Benefits is \$6,339 in general funds, and \$116,120 in other funds. This is the only recommended increase for Personnel Management and Employee Benefits.

## Selected Performance Indicators

	FY07			FY08			FY09
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Commission Days	13	8	(5)	15	15	-	15
Rule Hearings	1	1	-	1	1	-	1
Applications Received	18,000	18,897	897	17,977	18,897	920	18,897
Positions Announced	-	1,027	1,027	-	1,000	1,000	1,000
Classification Audits	235	157	(78)	195	160	(35)	160
Classification Actions	725	601	(124)	700	600	(100)	600
Courses Offered	380	363	(17)	400	375	(25)	400
Course Participants	6,100	6,341	241	7,000	6,900	(100)	8,000
Insurance Plan Participants:							
Health: Employees, COBRA and Retirees	12,910	13,083	173	13,151	13,100	(51)	13,100
Health: Dependents	11,159	11,846	687	12,089	11,776	(313)	11,833
Life: Employees, COBRA and Retirees	13,195	13,475	280	13,350	13,528	178	13,528
Life: Supplemental Health Plan Participants Screened	7,742	7,694	(48)	7,747	7,646	(101)	7,646
Number of People in Health and Lifestyle Management Programs	-	3,486	3,486	-	4,300	4,300	4,700
Flexible Benefits Participants	11,102	11,212	110	11,175	11,228	53	11,228
Flexible Benefits Salary Sheltered	\$ 21,425,571	\$ 21,849,737	\$ 424,166	\$ 22,687,000	\$ 22,684,071	\$ (2,929)	\$ 23,591,434
Workers' Compensation Total Eligible	27,000	27,480	480	27,370	27,480	110	27,480
First Reports of Injury	1,900	1,736	(164)	1,800	1,700	(100)	1,700

## South Dakota Risk Pool

In the 2003 Special Session, the Legislature authorized the creation of a health insurance risk pool 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 58-17-141, inclusive, is administered by the 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 Personnel, 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. The source for the Reserve Fund was the release of previously encumbered money from the FY 2002 State general fund appropriation to the Department of Education.

For FY 2009, the Governor recommends a total appropriation of \$8,064,107, which includes \$710,081 from the State general fund, \$500,000 from federal funds, and \$6,854,026 from other funds. The Governor's recommendation also includes 1.0 additional FTE in FY 2009. The Governor's recommendation is an increase of \$52,909 (8.1%) from the State general fund and \$2,837,671 (70.7%) from other funds.

Items	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	57,412	82,172	82,172	122,752	40,580	49.4%
Travel	3,501	-	-	-	-	0.0%
Contractual Services	341,205	307,330	307,330	307,330	-	0.0%
Supplies & Materials	-	-	-	-	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	5,625,768	4,784,025	7,634,025	7,634,025	2,850,000	59.6%
<b>Total</b>	<b>6,027,886</b>	<b>5,173,527</b>	<b>8,023,527</b>	<b>8,064,107</b>	<b>2,890,580</b>	<b>55.9%</b>
<b>Funding Types</b>						
General	600,411	657,172	707,172	710,081	52,909	8.1%
Federal	1,098,428	500,000	500,000	500,000	-	0.0%
Other	4,329,046	4,016,355	6,816,355	6,854,026	2,837,671	70.7%
<b>Total</b>	<b>6,027,885</b>	<b>5,173,527</b>	<b>8,023,527</b>	<b>8,064,107</b>	<b>2,890,580</b>	<b>55.9%</b>
FTE	1.1	-	-	1.0	1.0	100.0%

The Governor is also recommending an appropriation of \$1,500,000 from other funds in FY 2009 for a Risk Pool Reserve. This is the same as budgeted in FY 2008.

### Revenues

	FY07		Difference Over (Under) Estim.	FY08			FY09
	Original Estimate	Actual		Original Estimate	Current Estimate	Change in Estimate	Estimate
Member Premiums	3,541,000	3,884,550	343,550	3,903,450	4,522,122	618,672	4,522,122

- The Governor’s recommended salary policy for the South Dakota Risk Pool is \$2,909 in general funds, and \$1,234 in other funds.
- The Governor concurs with the agency in recommending an increase in general fund authority of \$50,000 and an increase in other fund authority of \$2,800,000 for higher expected insurance claims due to an increase in the use of the pool.
- The Governor is also recommending an increase in other fund authority of \$36,437 and 1.0 additional FTE. This additional position will spend time reviewing and qualifying applications, answering questions for current potential plan members concerning enrollment, premiums, benefit levels and payment of claims. Currently, these duties are being performed by the Risk Pool manger and need to be transferred to another position to allow the manager more time for higher level managerial and analytical functions within the program.

**Selected Performance Indicators**

	FY07			FY08			FY09
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Risk Pool Member	-	699	699	-	738	738	775
SB 200-Closed Block Members	-	38	38	-	68	68	105

## **Other Departmental Issues**

### **A. Budget Transfers (FY07 and FY08 year-to-date)**

\$ 285,577 No FTE	One time transfer	03/27/2007 approved by BFM
The Bureau of Personnel transferred \$285,577 in other fund operating expenditure authority to federal fund operating expenditure authority within the South Dakota Risk Pool. The Risk Pool received a federal grant in the middle of the fiscal year so federal funds were used rather than other fund cash.		

\$ 312,851 No FTE	One time transfer	04/26/2007 approved by BFM
The Bureau of Personnel transferred \$312,851 in other fund operating expenditure authority to federal fund operating expenditure authority within the South Dakota Risk Pool. The Risk Pool received a federal grant in the middle of the fiscal year so federal funds were used rather than other fund cash.		

\$ 1,500,000 No FTE	One time transfer	05/25/2007 approved by BFM
The Bureau of Personnel transferred \$1,500,000 in other fund operating expenditure authority from the Risk Pool Reserve to other fund operating expenditure authority within the South Dakota Risk Pool. The transfer was used to cover higher than expected claims. The funds were available because the Risk Pool Reserve had not been utilized during the Fiscal Year.		

\$ 38,000 No FTE	Base Transfer	06/15/2007 approved by BFM
The Bureau of Personnel transferred \$18,000 in general fund operating expenditure authority to personal services authority within the South Dakota Risk Pool. The Bureau of Personnel transferred \$20,000 in other fund operating expenditure authority to personal services authority within Personnel Management and Employee Benefits. The funds transferred in both instances were used to align the budget to anticipated personal services expenditures. This is reflected in the FY 2008 base used to establish the FY 2009 budget.		

### **B. Audit Findings**

Currently no audit findings.

### **C. Letters of Intent**

The subcommittee on the State Health Insurance Plan requests that the Bureau of Personnel provide measurements and recommendations of the wellness and disease management programs, completed contracts with health care providers, projected vs. actual claims, and any proposed changes to the State Health Insurance Plan for FY 2009 to the Interim Appropriations Committee.

### **D. General Fund Reversions**

The Bureau of Personnel reverted \$4,526 in general funds at the end of FY 2007. Of this amount, \$4,518 was for personal services and \$8 was for operating expenditures.