



Office Memorandum

Date: August 16, 2016
To: Agency Payroll, HR, and Accounting Staff
From: Mary Mueller, Director, Statewide Payroll Services
Subject: Cost Projections Update: Budget Fiscal Years 2017, 2018, and 2019

This memo provides updated cost projection information for budget fiscal years (BFY) 2017, 2018, and 2019. The updated information will be available in the *Roster Staffing/Staffing Report*, Report FIHR6760 (Document Direct/InfoPac ID HP6760) on August 22, 2016, reflecting payroll expenditures as of the pay period ending August 9, 2016. This information will also be available in the SWIFT Data Warehouse.

The tables below indicate amounts and percentages used to calculate the BFY 2017 through 2019 projections:

| BFY 2017 projections are based on the following: | |
|---|---|
| Working Hours | 2088 hours |
| Wage and Salary Increases | <ul style="list-style-type: none"> • Non-discretionary salary step increases are projected for those employees who are scheduled for a step increase during the budget fiscal year. • Discretionary step increases were not projected. |
| Insurance | <ul style="list-style-type: none"> • Employer-paid insurance projections are based on each employee's current insurance rates that were effective on January 1, 2016. • Effective on January 1, 2017, Minnesota Management & Budget estimates a total increase of 8.67% employer cost of insurance. • Vacant positions currently project at a rate of \$772.66 for pay periods that have insurance deductions taken. * |
| Retirement | <ul style="list-style-type: none"> • Employer-paid retirement projections are based on the current retirement plan code indicated on each employee's job record. Projections reflect the rate that was effective on July 1, 2016. • Vacant positions project based on a rate of 5.5% of wages. ** |

| BFY 2018 and 2019 projections are based on the following: | |
|---|--|
| Working Hours | <ul style="list-style-type: none"> • FY 18 = 2080 hours • FY 19 = 2080 hours |
| Wage and Salary Increases | <ul style="list-style-type: none"> • Non-discretionary salary step increases are projected for those employees who are scheduled for a step increase during the budget fiscal year. |

| BFY 2018 and 2019 projections are based on the following: | |
|--|---|
| Insurance | <ul style="list-style-type: none">• Employer-paid insurance projections are based on each employee’s current insurance rates that were effective on January 1, 2016. Insurance trend information indicates the following for a total increase of employer cost of insurance:<ul style="list-style-type: none">▪ January 1, 2018 – 8.90%▪ January 1, 2019 – 4.19%• Any future increases will also apply to vacant positions, which currently project at a rate of \$772.66 for pay periods that have insurance deductions taken. * |
| Retirement | <ul style="list-style-type: none">• Employer-paid retirement projections are based on the current retirement plan code indicated on each employee’s job record. Projections reflect the rate that is expected to be in effect at that time. Most retirement rates are the ones effective on July 1, 2016.• Vacant positions project based on a rate of 5.5% of wages. ** |

* Insurance is projected on vacant positions only if the agency selects the *Vacant Position Insurance Indc* check box on the Add/Update Position Info – Barg Unit/Cost Projection page. Insurance deductions are taken on 24 out of 26 pay periods.

** Retirement is projected on vacant positions only if the agency selects the *Vacant Position Retirement Indc* check box on the Add/Update Position Info – Barg Unit/Cost Projection page.

Cost projections for budget fiscal years 2017, 2018, and 2019 will run each pay period and will be available following payroll posting. More detailed information about cost projections is available at <https://mn.gov/mmb/accounting/sema4/reference-documents/cost-projection/>.

Note: Cost projections do NOT include MnSCU departments. MnSCU staff should contact Ge Thao at 651.201.1843 with questions.

Agency Payroll, HR, and Accounting staff should contact Erin Gregory at 651.201.8077 or erin.gregory@state.mn.us with questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF.