Office Memorandum

Date: August 16, 2018 [Revised August 16, 2018; revisions are in intense emphasis style]
To: Agency Payroll, HR, and Accounting Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: Cost Projections Update: Budget Fiscal Years 2019, 2020, and 2021

This memo provides updated cost projection information for budget fiscal years (BFY) 2019, 2020, and 2021. The updated information will be available in the Roster Staffing/Staffing Report, Report FIHR6760 (Document Direct/InfoPac ID HP6760) on August 20, 2018, reflecting payroll expenditures as of the pay period ending August 7, 2018. This information will also be available in the SWIFT Data Warehouse.

For budget planning purposes, cost projections have been updated to include the following insurance increases for employees:
- BFY 2019: 2.99%
- BFY 2020: 5.63%
- BFY 2021: 5.62%

The table below indicates amounts and percentages used to calculate the BFY 2019 through 2021 projections:

<table>
<thead>
<tr>
<th>BFY 2019, 2020, and 2021 projections are based on the following:</th>
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<tbody>
<tr>
<td><strong>Working Hours</strong></td>
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<tr>
<td>• BFY 19 = 2080 hours</td>
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<tr>
<td>• BFY 20 = 2096 hours</td>
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<td>• BFY 21 = 2088 hours</td>
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<td><strong>Wage and Salary Increases</strong></td>
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<td>• Non-discretionary salary step increases are projected for those employees who are scheduled for a step increase during the budget fiscal year.</td>
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<tr>
<td>• Discretionary step increases are not projected.</td>
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<td>• Estimated general wage adjustments remain in place for Minnesota Law Enforcement Association (MLEA).</td>
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<td>• BFY 2018 – 2.0%</td>
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<td>• BFY 2019 – 2.25%</td>
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### BFY 2019, 2020, and 2021 Projections

#### Insurance
- Employer-paid insurance projections are based on each employee’s current insurance rates that were effective on January 1, 2018. Currently, projected insurance increases are:
  - January 1, 2019 – 2.99%
  - January 1, 2020 – 5.63%
  - January 1, 2021 – 5.62%
- Any future increases will also apply to vacant positions, which currently project at a rate of: **$863.94.**
- This blended rate includes:
  - For 2019 – increases of 3% medical, 1.8% dental, 4.2% life, 8% administration fee, and 0% pretax account administration fee.
  - For 2020 and 2021 – projected increases of 5.76% medical, 3% dental, 3% life, and 0% pretax account administration fee in both years; and 8% in 2020 and 5% in 2021 for the administration fee.

#### Retirement
- Employer-paid retirement projections are based on the current retirement plan code indicated on each employee’s job record.
  - Current year projections reflect the rate that was effective on July 1, 2018.
  - Future year projections reflect the rate that is expected to be in effect at that time.
- Vacant positions project based on the following rates: **
  - July 1, 2018 – 5.875% of wages
  - July 1, 2019 – 6.250% 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 2019, 2020, and 2021 will run each pay period and will be available following payroll posting. More detailed information about cost projections is available at Cost Projection Overview.

Note: Cost projections do NOT include Minnesota State colleges and universities.

### Questions
- Minnesota State staff should contact Ge Thao at 651-201-1843 with questions.
- Agency Payroll, HR, and Accounting staff should contact Jody Dahl at 651-201-8206 or jody.dahl@state.mn.us with questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF