

Office Memorandum

Date: August 19, 2019
To: Agency Payroll, HR, and Accounting Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: **Cost Projections Update: Budget Fiscal Years 2020, 2021, and 2022**

This memo provides updated cost projection information for budget fiscal years (BFY) 2020, 2021, and 2022. The updated information will be available in the *Roster Staffing/Staffing Report*, Report FIHR6760 (Document Direct/InfoPac ID HP6760) on August 19, 2019, reflecting payroll expenditures as of the pay period ending August 6, 2019. This information will also be available in the SWIFT Data Warehouse.

For budget planning purposes, cost projections have been updated to include the following increases for employees:

- BFY 2020: 2.25% for salary and 7.59% for insurance
- BFY 2021: 2.50% for salary and 7.60% for insurance
- BFY 2022: 0% for salary and 7.37% for insurance

* The salary increases are effective July 1, while the insurance increases are effective January 1.

These increases are based on the tentative agreements with AFSCME and MAPE. As tentative agreements are reached for union contracts and compensation plans, approved by the Legislative Sub-Committee on Employee Relations, or become law, cost projections will be updated to reflect the actual agreements. When final agreements become available, they will be posted on the [Labor Contracts & Pay Plans page](#).

The tables below indicate amounts and percentages used to calculate the BFY 2020 through 2022 projections:

BFY 2020 projections are based on the following:	
Working Hours	2096 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. • General wage adjustments of 2.25% are projected for all collective bargaining agreements effective July 1, 2019.

BFY 2020 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, 2019. • Effective on January 1, 2020, Minnesota Management & Budget estimates a total increase of 7.59% employer cost of insurance. • Vacant positions currently project at a rate of \$890.27 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, 2019. • Vacant positions project based on a rate of 6.25% of wages. **

BFY 2021 and 2022 projections are based on the following:	
Working Hours	<ul style="list-style-type: none"> • FY 21 = 2088 hours • FY 22 = 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 are not projected. • General wage adjustments of 2.50% are projected for all collective bargaining agreements effective July 1, 2020.
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, 2019. Insurance trend information indicates the following for a total increase of employer cost of insurance: <ul style="list-style-type: none"> ▪ January 1, 2021 – 7.60% ▪ January 1, 2022 – 7.37% • Any future increases will also apply to vacant positions, which currently project at a rate of \$890.27 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. • Vacant positions project based on a rate of 6.25% 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 2020, 2021, and 2022 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 departments.

August 19, 2019

Page 3

Questions?

- Minnesota State Colleges and Universities 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