

## Memo

**Date:** August 24, 2023 [Revised on 12/18/2023; revision is in **intense emphasis** style.]

**To:** Agency Payroll, HR, and Accounting Staff

**From:** Mary Muellner, Director, Statewide Payroll Services

### RE: Recent Cost Projections Updates for Budget Fiscal Years 2024, 2025, and 2026

This memo provides updated cost projections information for budget fiscal years (BFY) 2024, 2025, and 2026. The updated information will be available in the *Roster Staffing/Staffing Report*, report FIHR6760 (Standard Report Viewer/InfoPac ID HP6760) on August 28, 2023, reflecting payroll expenditures as of the pay period ending August 15, 2023. This information will also be available in the SWIFT Data Warehouse.

The tables below indicate amounts and percentages used to calculate the BFY 2024 through 2026 projections:

| BFY 2024 projections are based on the following: |  |
|--|--|
| Working Hours                                    | 2080 hours   |
| Wage and Salary Increases                        | <ul style="list-style-type: none"><li>Non-discretionary salary step increases are projected for those employees who are scheduled for a step increase during the budget fiscal year.</li><li>Discretionary step increases were not projected.</li><li>General wage adjustments of 5.5% are projected for all collective bargaining agreements <b>and compensation plans</b> effective July 1, 2023.</li></ul>  |
| Insurance  | <ul style="list-style-type: none"><li>Employer-paid insurance projections are based on each employee's current insurance rates that were effective on January 1, 2023.</li><li>Effective on January 1, 2024, Minnesota Management &amp; Budget estimates a total increase of 3.12% employer cost of insurance.</li><li>The blended rate includes an increase of 3% medical, 5% dental, 3.7% life, 11% administration fee and no changes to pretax accounts.</li><li>Vacant positions currently project at a rate of \$1,050.61 for pay periods that have insurance deductions taken. *</li></ul> |
| Retirement                                       | <ul style="list-style-type: none"><li>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, 2023.</li><li>Vacant positions project based on a rate of 6.25% of wages. **</li></ul>  |

| <b>BFY 2025 and 2026 projections are based on the following:</b> |   |
|--|---|
| Working Hours  | <ul style="list-style-type: none"> <li>• BFY 2025 = 2088 hours</li> <li>• BFY 2026 = 2088 hours</li> </ul>  |
| Wage and Salary Increases  | <ul style="list-style-type: none"> <li>• Non-discretionary salary step increases are projected for those employees who are scheduled for a step increase during the budget fiscal year.</li> <li>• Discretionary step increases are not projected.</li> <li>• General wage adjustments of 4.5% are projected for all collective bargaining agreements <b>and compensation plans</b> effective July 1, 2024.</li> </ul>  |
| Insurance  | <ul style="list-style-type: none"> <li>• Employer-paid insurance projections are based on each employee's current insurance rates that were effective on January 1, 2023. Currently, projected insurance increases are: <ul style="list-style-type: none"> <li>▪ January 1, 2025 – 3.95%</li> <li>▪ January 1, 2026 – 5.83%</li> </ul> </li> <li>• This blended rate includes projected changes of 4% in 2025 and 6% in 2026 for medical, and 1.5% in 2025 and 1% in 2026 for dental, as well as 11% for the administration fee in calendar year 2025.</li> <li>• Future increases will also apply to vacant positions, which currently project at a rate of \$1,050.61 for pay periods that have insurances deductions taken. *</li> </ul> |
| Retirement   | 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 2024, 2025, and 2026 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 Steve Ernest at 651-201-1710 with questions.
- Agency Payroll, HR, and Accounting staff should contact Lorelei Peters at 651-201-8066 or [loirelei.peters@state.mn.us](mailto:loirelei.peters@state.mn.us).

**PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF**