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*The Forum for America's Ideas*

# Budgeting for Personnel

## Fiscal Analysts Seminar

### Salt Lake City, Utah



August 29, 2012

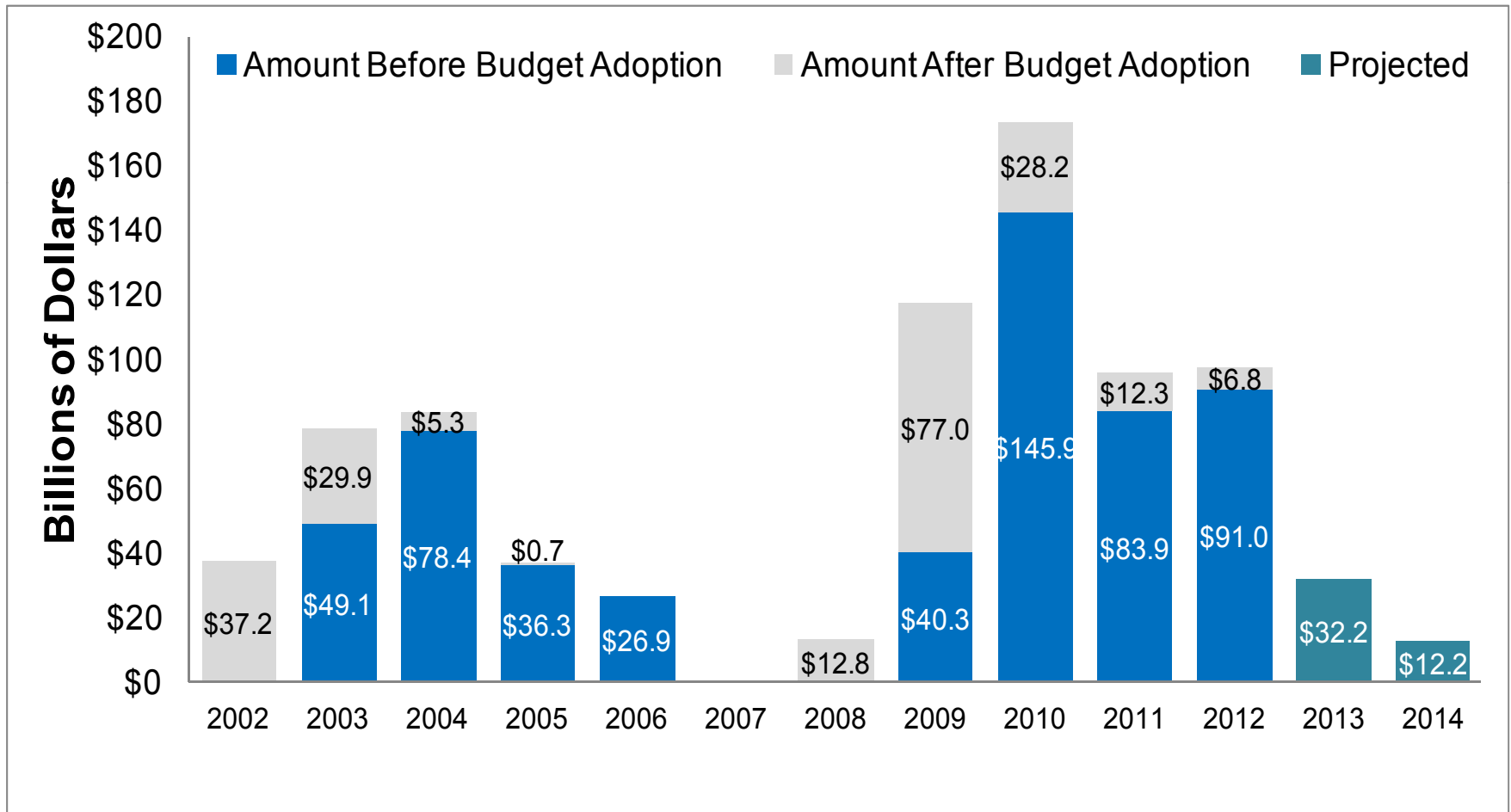


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# Cumulative State Budget Gaps: FY 2002-FY 2014



Source: NCSL survey of state legislative fiscal offices, various years.



## Cuts Affecting State Employees

- ❖ Many states have imposed furloughs or layoffs to reduce personnel expenses.
- ❖ At least half the states have implemented benefits changes including:
  - Pension plan changes.
  - Increased employee contributions for pensions & health insurance.
  - Changes to cost of living adjustments.
- ❖ Other common changes affecting state employees include:
  - Hiring freezes
  - Salary freezes
  - Early retirement program
  - Travel bans
- ❖ Many of these actions were administratively implemented at the onset of the recession and still remain in effect.

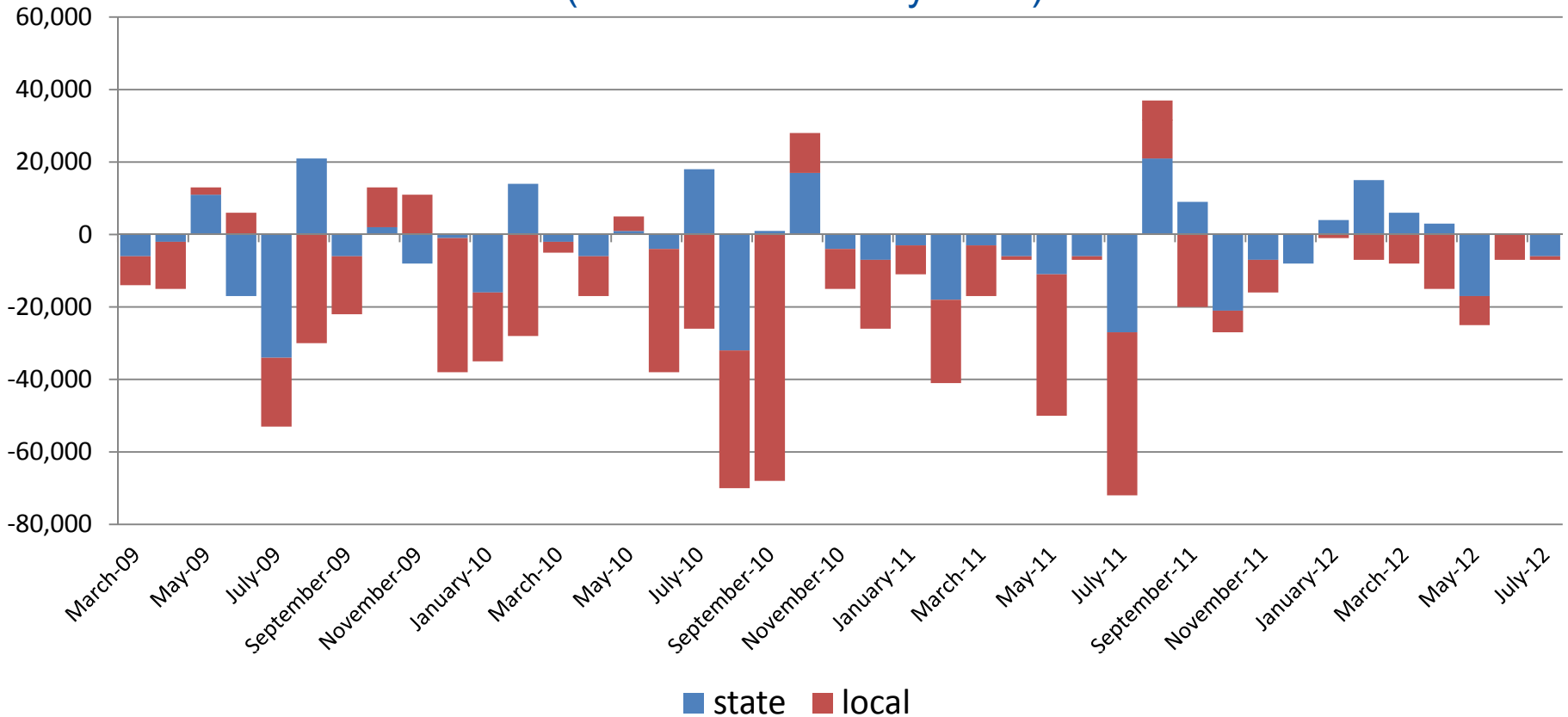


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# State and Local Government Employment: Month to Month Change (March 2009 to July 2012)



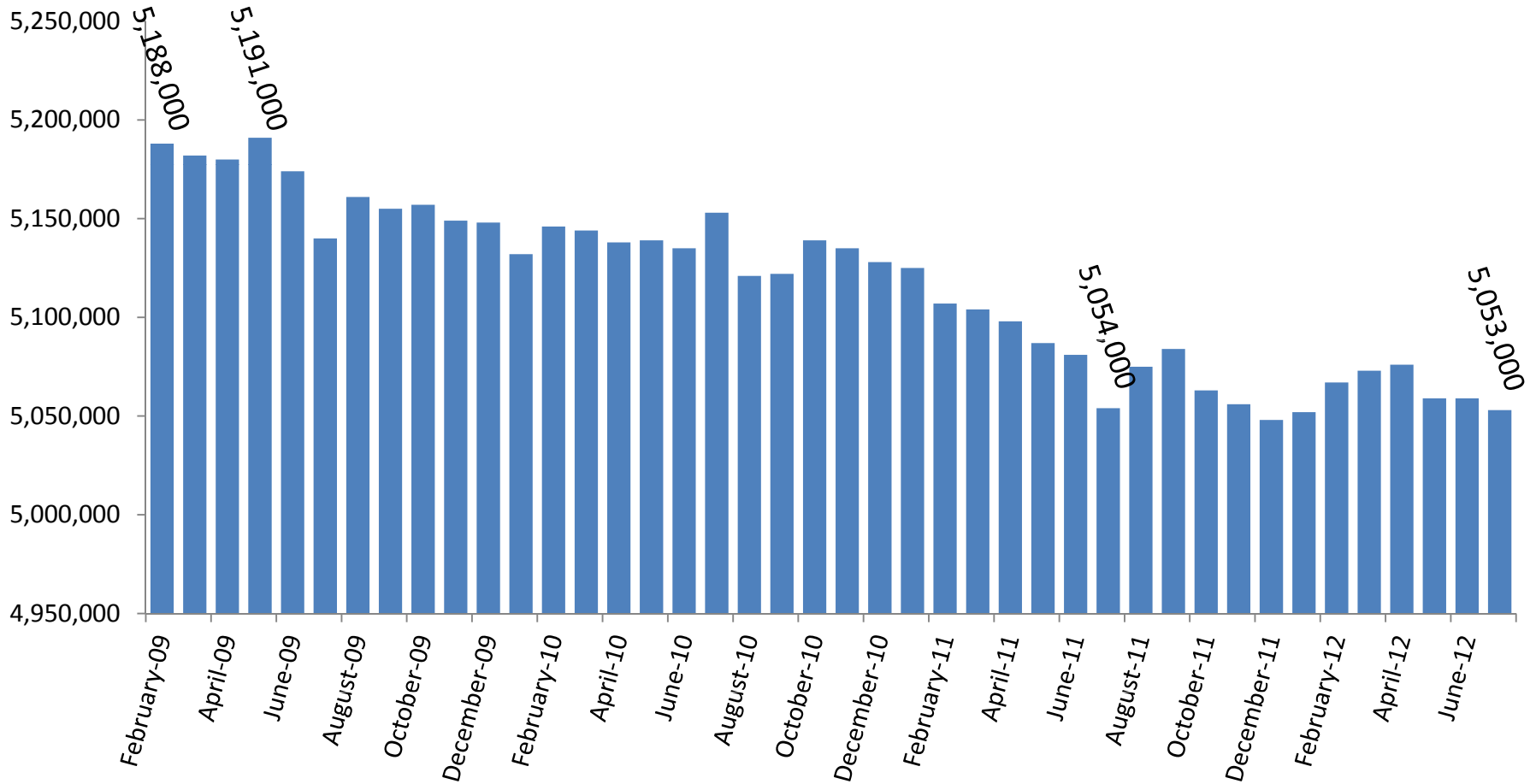


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# State Government Employment: (March 2009 to July 2012)



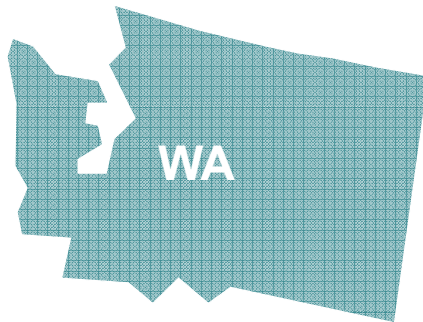


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# How much of the budget is represented by the cost of state employees?



## Fiscal Year 2010 Expenditures by Object\*

(Dollars in Billions)

Grants, Benefits & Client Services	\$19.7
Salaries and Benefits	\$8.2
Goods and Services	\$3.5
Capital Outlays	\$2.3
All Other	\$1.6
<b>Total</b>	<b>\$35.3</b>

\*Includes actual expenditures for Omnibus Operating, Transportation, and Capital Budgets.

Source: Monitor database from statewide accounting system.

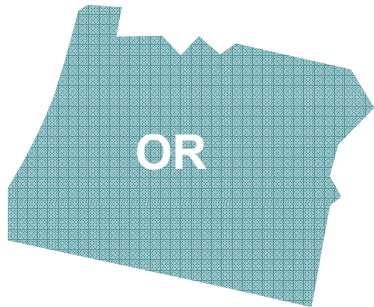


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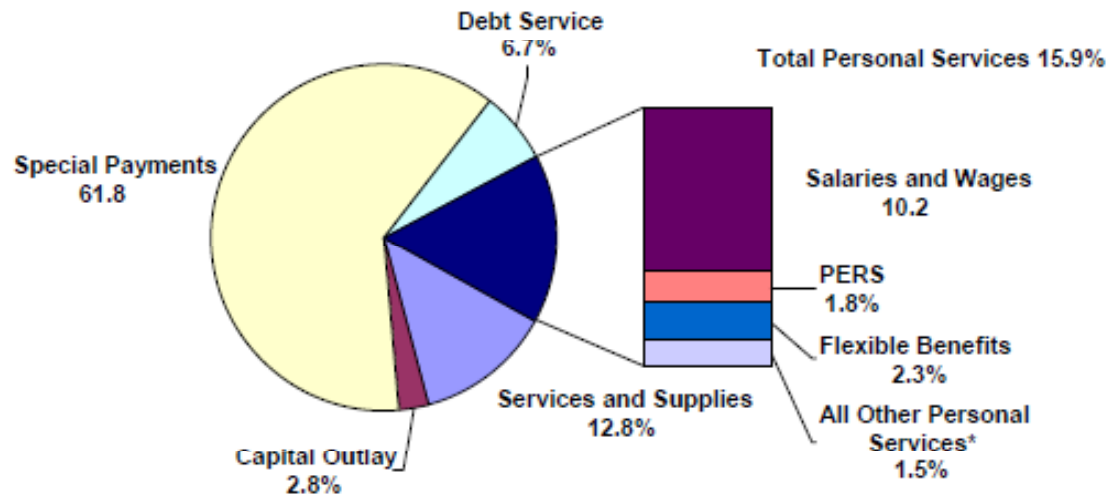
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# How much of the budget is represented by the cost of state employees?



**2007-09 Budget by Expenditure Category**  
\$48.327 Billion Total Funds



\* All Other Personal Services includes the \$125 million Special Purpose Appropriation for the "salary pot" to be distributed by the Emergency Board.

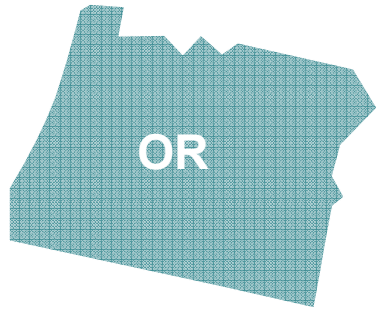


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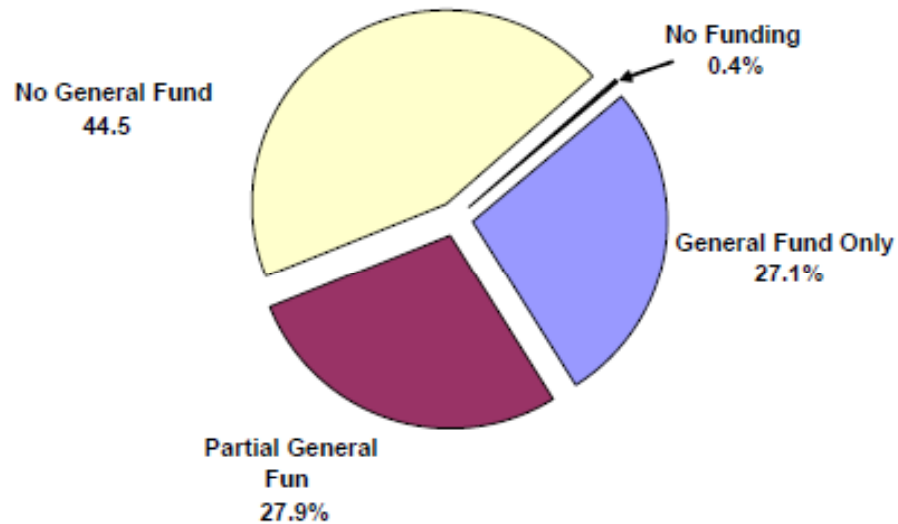
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# Funding Sources for State Employees



**Positions by Funding Source for 2007-09**  
**39,324 Total Positions\***



\* Not including Department of Higher Education and Lottery Positions





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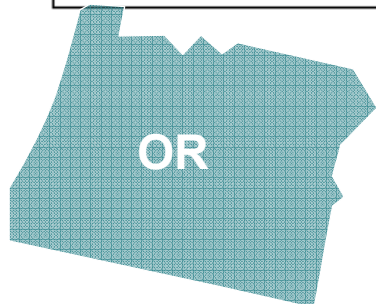
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# Vacancies and Turnover

Reasons for Long-Term Vacancies as of December 31, 2007

	Number of Vacant Positions	Percent Share
Seasonal positions	400	26.2
Position filled or in the process of being filled	307	20.1
Used to finance another position, including double-fills	158	10.5
Position is pending a reclassification	132	8.7
Difficulty in recruiting position	118	7.7
Position vacant to generate savings or fund unbudgeted costs	114	7.5
No funding available for position	77	5.0
Position is phased-in later in the biennium	49	3.2
Position is abolished but still in the system	29	1.9
Other	141	9.2
<b>Total</b>	<b>1,525</b>	<b>100.0</b>



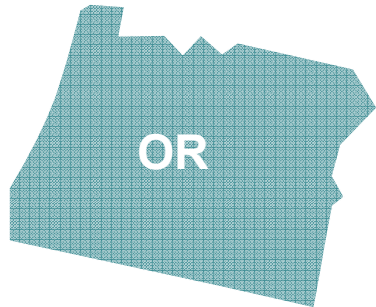


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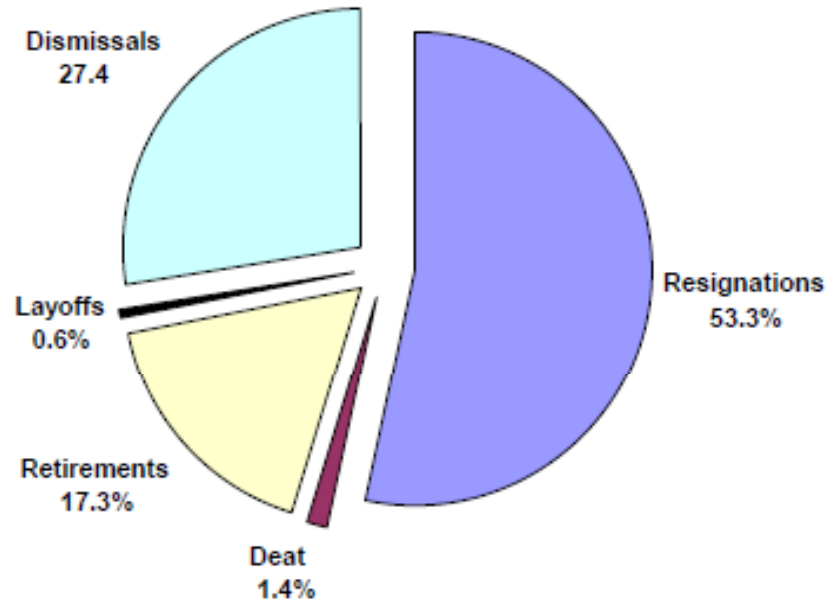
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# Vacancies and Turnover



**Position Separations by Type**  
3,613 Separations During Calendar Year 2007\*



\* Not including Department of Higher Education and Judicial Branch



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# Legislative Control of FTE Appropriation (Select States)

Minimum

Maximum



**Minnesota**

**North  
Dakota**

**South  
Dakota**

**Montana  
Missouri**

**Iowa  
Kansas**

**Idaho**

**Wisconsin**

**Colorado**



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# Questions to Ponder?

- ❖ How do states effectively budget for employee salaries and benefits?
- ❖ How do states determine what positions are “essential” or “necessary”?
- ❖ Have states effectively reached a “new normal” on FTE numbers that should drive budget recommendations?
- ❖ How are vacant positions and the turnover ratio factored in the budget process?
- ❖ Can the legislative and executive branches agree on a methodology so analysts can address these issues in a consistent manner?