

**GOVERNOR DAUGAARD'S RECOMMENDATION FOR THE  
FY2018 STATE EMPLOYEE COMPENSATION PLAN**

	<u>GENERAL FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL FUNDS</u>
<b>MARKET ADJUSTMENT:</b>	\$ 3,650,333	\$ 1,654,499	\$ 4,300,783	\$ 9,605,615

The Governor is recommending all permanent state employees receive a 1.0% market adjustment or salary increase.

<b>PAY FOR PERFORMANCE:</b>	\$ 0	\$ 0	\$ 0	\$ 0
-----------------------------	------	------	------	------

Permanent employees using the Accountability and Competency Evaluation system (ACEs) were eligible to receive a pay-for-performance increase for FY2018; however due to lack of available funding, the Governor is recommending this component of the employee compensation package be delayed for this fiscal year. Along with recommending no pay-for-performance, no increase outside of the market adjustment is recommended for the remaining classified employees.

<b>ADJUST ARTIFICIAL MINIMUMS:</b>	\$ 779,087	\$ 516,966	\$ 389,615	\$ 1,685,668
------------------------------------	------------	------------	------------	--------------

The Governor is again recommending movement of the artificial minimums of the General Pay Structure towards the true market minimums. For FY2018, this would move the minimums for all pay grades to at least 90% of the true market minimums. This will allow the state to hire new employees closer to what the market dictates.

<b>HEALTH INSURANCE:</b>	\$ 1,820,609	\$ 866,366	\$ 1,932,553	\$ 4,619,528
--------------------------	--------------	------------	--------------	--------------

An increase of \$342 per benefitted employee is recommended by the Governor for the employer-paid portion of the state employee health insurance plan for FY2018.

<b>TOTAL COST OF RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:</b>	<u>\$ 6,250,029</u>	<u>\$ 3,037,831</u>	<u>\$ 6,622,951</u>	<u>\$15,910,811</u>
REMAINING FY2017 POOL:	\$ (144,090)	\$ (33,924)	\$ (214,106)	\$ (392,120)
<b>TOTAL INCREASE FOR RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:</b>	<u>\$ 6,105,939</u>	<u>\$ 3,003,907</u>	<u>\$ 6,408,845</u>	<u>\$15,518,691</u>

For FY2018, the state employee compensation plan is recommended as a pool in the Bureau of Finance and Management to be distributed to agencies following the passage of the General Appropriations Act.