



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Arizona
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: Generally the lump sum for an agency includes more than personal services. Budgets generally include FTE authority upon which the budget was, at one point, built.
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): The vast majority of budgets have a lump sum for operating costs under which the Executive can move funding intended for non-personnel purposes into personnel funding and vice versa. In rare exceptions, such transfers require additional executive branch or Joint Legislative Budget Committee approval.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

We do not adjust for vacant positions. The Legislature occasionally seeks to reduce vacant FTE positions by reducing FTE authority (though without removing funding).

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

No

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? A 10% pay raise for all employees in FY 2023 and selected additional pay raises for other classes. Any evidence the pay raises are working is anecdotal or difficult to compare with the alternative.

8. What works well with your state personal services budgeting process?

No specific recommendations.

9. What specific challenges do you have with your state personal services budgeting process?

No specific challenges.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Arkansas
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? While the General Assembly does budget positions and personal services on a 1 year basis, the Executive Branch with consultation, review, and approval by the General assembly can make modifications during the fiscal year. This does not require a session.
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): Click or tap here to enter text.
 - Specific Variations or Details of Note: Click or tap here to enter text.
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Any change in line item appropriations and budget must be reviewed and approved by a legislative subcommittee during the fiscal year. There are specified criteria regarding what can be changed and where it can go.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference? The General Assembly appropriates both filled and vacant positions in the same way and sets the total number of positions an agency may utilize during the fiscal year. However, following a session, the agencies may, based on available funding and the number of actual employees, budget fewer numbers of positions than the total appropriated to them.
6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?
No
7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?
- a. Yes No
- b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? During the interim, the Executive Branch and General Assembly have provided salary grids, labor market rates, and as well as stipends and bonus' for various jobs across state government. The executive branch is also currently working on a revised pay plan schedule proposal for the next legislative session.
8. What works well with your state personal services budgeting process?
Every state agency has their own appropriation bill authorized by the General Assembly. Within each of those appropriation bills, the General Assembly determines not only the total number of positions that the agency can utilize during the fiscal year, but also what classification/title is to be authorized for each position. Each classification is also tied to a specific pay grade on the current pay scale structure. The Executive Branch may request changes during the fiscal year to the number of positions available to an agency and the classifications assigned to those positions. These requests must be reviewed by the General Assembly prior to any action being taken. The Exec Branch does have limited flexibility within the paygrades and within statute to provide salary increases up to a certain percentage within the pay grad scale.
9. What specific challenges do you have with your state personal services budgeting process?
Employee benefits, especially insurance, which is tied to the number of budgeted positions at each state agency. Anytime positions are eliminated in appropriation bills it has a direct impact on the state and employee contributions for insurance. This is exacerbated by the overall increase in insurance costs.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Colorado
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session?
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: Division personal services or program line items include informational FTE notations and dollar appropriations; although the agencies have authority to spend their appropriation as they see fit. The appropriation for staff in a PS line includes base salary, FICA, and PERA contributions; and are adjusted annually with a base increase that is initially appropriated in the Salary Survey (SS) line item, and then "annualized" into the salary base in the second year. In addition to SS, the Health, Life, and Dental (HLD), the Short Term Disability (STD), and the AED and SAED (PERA amortization payments tied to payroll) appropriations are included in individual line items – generally one line per state department – from which the executive director of each department has authority to allocate to specific personal services or program lines across the department. i.e., these "POTS" line appropriations (POTS is not an acronym, but simply compensation

common policy lines that provide for allocation by the ED) are, in practice, in the state accounting system, rolled into the division PS or program line items as allocated. POTS appropriations are calculated based on a snapshot of payroll taken on July 31st of each year, and then manual adjustments may be made by the departments and the Governor's Office of State Planning and Budgeting to account for new positions added in the prior budget cycle, but not yet hired. In this way, the POTS appropriations are considered to be technically accurate to actual payroll. However, their distribution or allocation within agencies may or may not correspond to actual payroll costs by program or division. The EDs have authority to move those appropriations (money) as they see fit.

4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): Personal services appropriations may pay for staff or contract and other program delivery costs without budget modifications. Program line items may pay for any program delivery costs, including standard operating expenses.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

The state budget operates on a base budget basis; i.e., the prior year dollar appropriation is the starting point, with incremental changes added for the next budget year. It is assumed that currently funded staff will continue to be funded under this methodology. However, it is not unusual to come across "shell" or "ghost" FTEs – FTEs included in a prior year budget but not filled because the agency has used the dollars in other ways. Sometimes this may include increased salaries for existing staff – bringing replacement staff in at a higher salary than prior staff – or changing the staffing mix for a program over time.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Prior to about 2011, the Joint Budget Committee might in some years, but not all, take a "vacancy savings" factor of 1-2 percent as a base budget reduction. Historically, this was more common in the years prior to 2003, when the step system was in place. After the step system was eliminated in about 2003, performance-based increases were never consistently funded in their place. Over time, structural vacancy savings (from a replacement employee coming in at a lower salary than the employee leaving) became non-existent; as employees remained at the bottom of the salary range, they would leave, and a new employee would replace them at the bottom of the salary range, leaving no vacancy savings. By about 2011, there functionally was no vacancy savings to take.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? The General Assembly passed law establishing a collective bargaining process about 3-4 years ago; the process has been in place for two budget cycles. The most recent budget cycle included the negotiated return of a step system for the next budget cycle as well as targeted salary range adjustments in the current budget cycle. Functionally, the union-negotiated changes will address most of these structural system failures that the Department of Personnel chose not to address over the last 20 years. Vacancies and pay, particularly for front-line, traditional state employees, did lead to increasingly severe structural hiring, recruitment, and retention problems for all state agencies. Inflation, and wage inflation in recent years did contribute to a worsening situation; however, this was a problem that was 10-20 years in the making even without those recent economic pressures.

8. What works well with your state personal services budgeting process?

POTS appropriations are likely the cleanest, most accurate appropriations in the state budget.

9. What specific challenges do you have with your state personal services budgeting process?

The executive branch and specifically, the Department of Personnel, are historically poor stewards of compensation policy for the state. Even as the state transitions to a step system in the next cycle, it currently appears to be rife with problems due to their general lack of responsibility or competence. It is not clear how the agencies that reside outside of the executive branch or employees outside of the classified system will be addressed relative to the new step system. It is not clear that the covered employees within the step system will be rolled into the new step system accurately and in time for the change. Better budgeting for empty or shell FTEs is an ongoing question and issue. Because there is clear constitutional authority for the executive branch to spend dollar appropriations as they see fit, it is not clear that relying on an FTE model is helpful in cleaning up base appropriations or making them more accurate in any way.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Connecticut
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? Yes. Even though we adopt a biennial budget, we almost always pass a full revision in the off year as well.
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): We adopt an overall position count and personal services appropriation by agency. The executive has flexibility in carrying that out within each agency, but cannot make any transfers between agencies without legislative approval.
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): There is a process to transfer dollars between accounts without fully revising the budget. This involves a vote by a committee made up of both executive and legislative members. It is not specific to personal services.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

As I said above, the legislature authorizes both a position count and a personal service appropriation. The appropriation acts as a cap on what positions can be filled.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

We generally include a bottom line lapse adjustment in the budget under the assumption that not all authorized positions will be filled for the entire fiscal year.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? The administration and unions have negotiated wage increases intended to boost retention and attract new workers. We continue to have vacancy issues. The executive branch hiring process tends to take a significant amount of time, which can dissuade applicants.

8. What works well with your state personal services budgeting process?

Overall, I would say our PS budgeting process has worked fairly well. When we have been inaccurate, it is generally been in areas that have been difficult to hire (nursing, physicians come to mind). In these areas, we have over budgeted.

9. What specific challenges do you have with your state personal services budgeting process?

No specific challenges besides those noted above stick out.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Delaware
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): [Click or tap here to enter text.](#)
 - No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?
Yes
6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?
No
7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?
- a. Yes No
- b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? Recruitment and retention efforts have been established for particularly high turnover and high vacancy rate positions (i.e. \$10,000 sign on bonus for correctional officers, with \$2,500 retention bonus). Merit employee pay tables have also been increased anywhere from 3-9% for the last two years in hopes of increasing base pay. These efforts are starting to prove some success just over the last few months, but significant declines in turnover and vacancy has not yet been realized.
8. What works well with your state personal services budgeting process?
Merit employee pay policy is budgeted in one lump sum amount under the Office of Management and Budget and then transferred to the executive agencies through the year as needed. Then that transfer is formalized in the following year's budget cycle. This allows for greater visibility in actual amounts needed as vacancies occur throughout the year.
9. What specific challenges do you have with your state personal services budgeting process?
While merit employee salary policy is generally easy to project and budget for, there are larger amounts of employees who are now part of collective bargaining agreements (CBA). These CBA units continue to grow and negotiations have come in significantly higher than budgeted amounts. This causes larger true-ups at the end of the budget cycle and reduces the funding available for other merit employee groups.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Georgia
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Agencies can move money between object classes (ie, personal services to operating) with the approval of a budget amendment submitted to the Governor's Office of Planning and Budget.
 - No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Typically, across the board salary increases are only funded for filled positions.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

The “lapse factor” represent a portion of unfunded personal services cost that an agency is expected to manage through natural attrition and hiring. While initially set at 3-5%, cuts made during the great recession have increased the variation among agencies.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? State salaries were largely stagnant during the great recession and the pandemic, while agency attrition reached an all-time high. The governor and General Assembly have made a concerted effort to recruit and retain state employees through across the board salary increases of \$7,000 over the last two fiscal years, combined with additional state contributions to the 401K program for state employees based on years of services. The General Assembly has made attempts each budget cycle since the great recession to enhance salaries of specific critical and hard to fill/retain positions including correctional officers, state law enforcement officers, nurses, and mental health staff. While the salary enhancements appear to have helped slow attrition for some agencies, there is still more work to be done.

8. What works well with your state personal services budgeting process?

[Click or tap here to enter text.](#)

9. What specific challenges do you have with your state personal services budgeting process?
Having enough resources to make state salaries attractive for good candidates.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Idaho
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Section 67-3511, Idaho Code allows transfers of Legislative Appropriation. Agencies may use personnel funding for in other way such as operating expenditures or capital outlay, but the Joint Finance Appropriation Committee may limit the amount of personnel that can be transferred. This is typically reflected in language in the individual agency appropriation bill.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Yes, we now budget increases for filled positions but do not budget for salary increases, benefits, etc. on vacant positions.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

On a statewide basis no but some agencies may reduce its budget request to account for turnover if they choose.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? There have been many strategies implemented by agencies including offering tuition assistance, recruitment and retention bonuses, and work from home options. The legislature funded the highest change in employee compensation package in recent history in FY 2023, and the legislation approved a two additional pay structures for public safety and IT and Engineering position in addition to the core structure. There is not enough information to see if any or all of these strategies are working.

8. What works well with your state personal services budgeting process?

In short the current budget process allows for Legislative oversight and provides flexibility for agencies to implement as needed.

9. What specific challenges do you have with your state personal services budgeting process?

One challenge with the current budget process is that the state does not implement COLA's but rather budgets change in compensation by merit and available resources. With this methodology, it is hard to make market adjustments for all employees and specific job classes.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Iowa
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): The Department of Management in the Executive Branch determines these dollar amounts based on data from a salary model that is maintained within the nonpartisan office of the Iowa Legislature. The Iowa General Assembly appropriates an overall dollar amount that salaries are a portion of.
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Agencies are appropriated a lump sum and can utilize the funding to support their authorized services, programs, and activities as they determine, subject to a cap for authorized FTEs. The Executive Branch is not limited in most cases to

the current state workforce and could use more outside services. Generally, this has not occurred at scale within specific appropriations.

One example where this did occur is the Iowa DOT, but the shift did not occur within a line-item appropriated each year and did not occur in a single session. Appropriations to the DOT for administration remained flat, but statutory allocations for construction (based on a percentage of constitutionally protected revenue) increased with overall revenues.

Revenues which were distributed by statute were available to be used on outside services, and the DOT used them for this purpose. The DOT eventually asked for additional funding to pay for staff that would provide these services internally.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Iowa budgets for vacant and filled FTE-positions in the same way. However, Iowa will also maintain unfunded FTE positions, which are FTE-positions that are not included in budgeting, but which have not been eliminated from the Table of Authorized positions. This practice allows State agencies to identify other sources of funding (for instance federal funding) to fill the position at a later date.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Not as a general practice, but there may have been instances of this occurring in the past.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? For Executive Branch Agency Directors, the General Assembly recently passed legislation that allowed the Governor to determine the salary of cabinet-level directors. These salaries had been frozen since FY 2009. For Executive Branch staff, the recent collective bargaining agreement contained a 3.0% COLA which is the maximum allowed under the State's collective bargaining law.

8. What works well with your state personal services budgeting process?

The State salary model, which is maintained by the Legislative Services Agency, is a unique system that was built within the LSA. It contains payroll records beginning in 1996 and is relied on by the Legislature and Executive Branch for projections, analysis, and historical information.

9. What specific challenges do you have with your state personal services budgeting process?

The State recently moved to a new HR system (Workday), which has complicated the historical analysis of Executive Branch FTE-positions.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Kentucky
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? Yes, if they amend the budget bill or pass a stand-alone appropriation bill.
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e., contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): The General Assembly doesn't appropriate to the services level so agencies can expend the funding in the appropriation unit as they see fit. However, the retirement costs for non-hazardous employees are a set percentage of pay and if the actual filled FTEs are significantly below the budgeted amounts, a shortfall of the ADEC will occur.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

The 2024-2026 budget instructions allow for vacant positions that will fit into the baseline to be requested in the baseline. Any vacant positions that don't fit in the base will be requested as an additional budget request item.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

No

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? The General Assembly provided salary adjustments of 8% in FY 23 and 6% in FY 24. The Personnel Cabinet is currently contracting with a vendor to complete a comprehensive compensation study due November 1, 2023, for the General Assembly to consider during the 2024 Regular Session.

8. What works well with your state personal services budgeting process?

We have a fairly accurate grasp on FTE counts for filled and vacant positions.

9. What specific challenges do you have with your state personal services budgeting process?

Legislators consistently ask for the amount of "vacancy credits" an agency has and that is not currently a number that can be calculated from the data we have.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Maryland
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: The flexibility of the budgeted personnel funding is only within budgeted personnel costs, unless a budget amendment is used (see Q4).
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Any use of funds budgeted for personnel purposes must be used for that purpose unless a budget amendment is used. Budget amendments increasing appropriations by \$100,000 or more require the review of the legislature. However, budget amendments realigning appropriation within an agency do not require

review by the legislature which can include moving funding from personnel to other areas. However, some particular types of personnel spending are restricted and cannot be transferred

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Yes

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Yes. A negative value called 'turnover' is used to reduce the personnel budget. The value is different for each agency, and is based on recent trends and future expectations.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)?

Maryland has provided general salary increases to State employees totaling 26.2% from fiscal 2019-2024, as well as targeted salary increases to specific job classifications with higher than average vacancies. The bulk of the increases have been in fiscal 2022-24.

The executive branch agency responsible for personnel management (Department of Budget and Management) has changed several policies to improve recruitment, such as eliminating degree preferences from job announcements when possible, speeding the hiring process for high vacancy job classifications, and allowing for more salary flexibility for hiring agencies.

The State has commissioned a salary survey to determine the adequacy of compensation among state employees.

DBM is also forming a task force to determine best practices to improve recruitment and retention.

There is not sufficient evidence at this time to determine the impact of these effort.

8. What works well with your state personal services budgeting process?

DBM in the executive branch drives the budget process in Maryland and would be better able to answer these two questions.

9. What specific challenges do you have with your state personal services budgeting process?

Challenges include accurately forecasting the cost of salary increases due to multiple personnel systems (State Personnel Management System, Maryland Department of

Transportation, higher education, and other independent agencies) and accurately budgeting personnel costs due to high vacancy rates.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Michigan
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): contract for labor
 - No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?
We budget for both the same way.
6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?
No
7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?
- a. Yes No
- b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? Paying hiring and retention bonuses; paying one-time base wage adjustments.
8. What works well with your state personal services budgeting process?
Budgeting based on the FTEs needed to perform the tasks and not on actual FTEs.
9. What specific challenges do you have with your state personal services budgeting process?
Legislators not understanding the difference between "budgeted" positions vs. "actual" positions. Also, seasonal employees can present problems.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Mississippi
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: The Legislature allocates a specific lump-sum amount for personal services to each agency as well as a maximum agency headcount. The agencies, working in conjunction with the State Personnel Board, have discretion to make personal services decisions within those prescribed maximum amounts and headcounts.
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Generally, the agency can not use personal services funding in other ways. However, with approval from the Legislative Budget Office and Appropriations Chairmen, there are some instances in which this is allowed.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

We have just recently started budgeting differently for vacant positions. We also take a snapshot at a certain date during the legislative session to determine filled and vacant positions. As of this fiscal year, we have begun the process of more closely tracking vacancies within agencies. We are still working through this process with many agencies after the legislative session to ensure agencies have an adequate amount of funding allowed for vacancies.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Yes, we reduce personal service budgets during our budget recommendations. We take into account one-time expenditures or anticipated employee turnover. We also look at the length of time positions have remained vacant to make decisions about possibly decreasing the agency personal service amounts.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

- b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? Two years ago, the Legislature in conjunction with the State Personnel Board designed and implemented a new state employee classification and compensation system called SEC2. This system was designed to more accurately classify state employees as well as ensure that employees were paid within the prevailing market salary ranges and at least at the minimum recommended salary within that range. The system is still a work in process, but it seems to have closed the gap significantly on state employee salaries as well as retention.

8. What works well with your state personal services budgeting process?

One thing that seems to work well, is we take multiple snapshots throughout the year up to and including during the legislative session. This ensures we can come up with more accurate budgetary amounts for personal services. It allows the Legislature to get a full picture of how agencies are spending these dollars.

9. What specific challenges do you have with your state personal services budgeting process?

One of the challenges we still face with this process is some agencies still want to have the flexibility to move money from personal service budgets to other categories, typically contractual services. Due to prevailing labor markets in our area, there are some positions that just cannot be filled at the rates that we need them. Because of this, some agencies go

the route of contracting workers instead of hiring state positions. The Legislature recognizes this and tries to use a case-by-case basis to determine if adjustments to the personal services budget need to be made after the legislative session.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: New Jersey
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): For each division within an Executive branch department, the Executive recommends funding in the upcoming fiscal year currently funded filled and currently funded vacant positions at the current salary levels with adjustments for turnover-related assumptions. In addition, there is a separate Executive Branch lump-sum appropriation for Executive Branch "Salary Increases and Other Benefits" that also serves in part as a salaries and wages contingency fund.
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): Appropriations for administrative expenses may be liberally transferred among administrative accounts within the same program classification (for example, an appropriation for salaries and wages could be used for maintenance, consultants, temporary workers, offices supplies, etc. as long as the appropriation remains within the same program classification).

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

At the most basic level, yes. The full annual salary of a vacant position is budgeted if the position is a vacant funded position (there are also vacant unfunded positions). However, there are also likely to be offsetting “delayed hire savings” for vacant funded positions if the filling of the positions is anticipated at some point after the start of the fiscal year.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Yes. Assumptions regarding separations and hires are component parts of the Executive’s personal services budget request for each division.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? Remains to be seen. The four-year contract with the main unions just expired on June 30, 2023. The Governor has initiated a review of whether educational requirements are overly restrictive for certain positions.

8. What works well with your state personal services budgeting process?

From the Executive’s vantage point, the system works well in that enough flexibility is built into the personal services budgeting system so that any deficits in salary accounts are usually solvable without the need for supplemental appropriations by the Legislature. The flexibility is in the form of: 1) rules concerning transfers of appropriations among accounts; 2) an annual lump-sum appropriation for Executive Branch “Salary Increases and Other Benefits” that serves in part as a salaries and wages contingency fund, among other purposes; and 3) supplemental appropriation authority afforded to the Executive Branch for employee salaries and employees without having to seek additional legislative approval.

9. What specific challenges do you have with your state personal services budgeting process?

From the vantage point of the Legislative Branch, it could be argued that, apart from the initial appropriations for personal services by division, a system has been created in which the degree of latitude conferred upon the Executive Branch is not conducive to strict

legislative oversight.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: North Carolina
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? Yes; NC typically enacts a biennial budget in odd years and a budget adjusting the biennial budget in even years.
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: The legislature approves a personal services budget that provides full funding (salary/benefits) for each FTE. If an employee leaves a position, the agency can reduce the salary of the position to increase the salary of a different position. The agency could also eliminate positions to increase salary capacity for higher priority positions.
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): NC budgets funds for positions regardless of vacancy status; vacant positions generate what we call lapsed salary funds, or unexpended funds budgeted for salaries. The executive branch has relatively broad flexibility to use lapsed salary funds on one-time expenses.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Yes, NC budgets positions regardless of vacancy status.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

No. Budgeting for anticipated turnover has been occasionally contemplated by the legislature but has not been enacted to date.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? In 2021, NCGA created an experience-based salary schedule for Corrections Officers and a separate experience-based salary schedule for Probation and Parole Officers. The creation of these salary schedules has appeared to assist in retention but not recruitment. In FY 2022-23, NCGA established a flexible fund allowing State agencies and universities to adjust no more than 25% of staff salaries by up to the greater of \$15,000 or 15%. Turnover rates and vacancy rates are largely unchanged since the creation of this fund.

8. What works well with your state personal services budgeting process?

Strong data collection for State agency personnel due to direct access to HR/payroll system applied to state agencies. Budgeting positions regardless of vacancy status reduces volatility in salary budgeting and provides the executive branch some flexibility to address underbudgeted or unanticipated expenses.

9. What specific challenges do you have with your state personal services budgeting process?

Information availability for making targeted changes, particularly for State university employees and State-funded local employees (community colleges and K12), as these entities are on differing payroll systems that do not produce high-quality data similar to State agencies.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. **State:** North Dakota

2. **Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?**

a. 1 year 2 years

b. **If 2 years, does your legislature have the ability to make changes during a non-budget session?** Generally, no. North Dakota meets biennially and does not have a non-budget session. Limited budgetary changes can be made with the approval of the state's Emergency Commission and Budget Section. The Emergency Commission and Budget Section may also approve adding a new full-time equivalent (FTE) position to an agency budget during the interim. See response to Question #4 below for more information.

3. **In general, how do you develop a budget for the personal services/FTE/state employees in your state?**

- Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
- Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
- FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.

Other (please specify): A combination of the above options. Agencies submit, as part of their budget request, a "pay plan" which identifies the salaries and benefits for each existing and any new FTE position being requested. The Legislative Assembly appropriates in the salaries and wages line item the total funding needed for the approved positions. Specific dollar amounts are identified by the Legislative Assembly when approving new FTE positions for a state agencies. The legislative intent is that the state agency hire the identified position at the identified salary amount or less, however, the state agency has the ability to adjust specific FTE positions and salary amounts to fit the agency's changing needs during

the interim. If an agency hires a position at an amount higher than the Legislative Assembly budgeted for that position, the agency will have to find salary savings elsewhere in the existing budget to cover the increased cost of the position. FTE positions are often named in supporting legislative documentation, but position numbers are assigned by the Office of Management and Budget's accounting office after legislative session.

Specific Variations or Details of Note: [Click or tap here to enter text.](#)

4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): The North Dakota Legislative Assembly appropriates funding on a line item basis. A state agency may not exceed the appropriation limit in each of these line items. Any request to spend funding from one line item (for example, salaries) for a different line item or purpose (for example, operating expenses), must be done through a line item transfer during the legislative session, or a transfer may be approved during the interim by the Emergency Commission and the Legislative Management's Budget Section. The Emergency Commission is a six-member statutory committee chaired by the Governor and also includes the majority leaders of the House and Senate, appropriation committee chairman of the House and Senate, and the Secretary of State. The Budget Section is a statutory legislative committee comprised of 42 members from the House and Senate appropriations committees, and House and Senate majority and minority leadership. A state agency may use salary and wages funding for a variety of salary and wages purpose within their line item appropriation. For example, if the agency has experienced salary savings during the biennium through vacancies, retirements/terminations and subsequent hiring at lower salary amounts, etc., the agency may provide other salary adjustments to existing employees, such as equity increases or bonuses. Contract labor is considered an operating expense.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Generally, yes - funding is provided for vacant positions in the same way funding is provided for filled positions. In some instances, the Legislative Assembly may underfund or unfund a position, but still provide the FTE authorization to the agency. The Legislative Assembly may, for one or two of the state's larger agencies, elect to underfund the agency's salary and wages appropriation by a blanket amount for the next biennium in anticipation of vacancy savings. While the agency's salary and wages budget will be underfunded for the upcoming biennium, the agency has the flexibility to use any salary savings realized during the biennium (often as a result of vacancies) to fill any underfunded/unfunded positions for the remainder of the biennium. Additional funding or other salary-related budget changes would have to be requested from the next Legislative Assembly for these FTE positions.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Generally, the process is similar to the description in question #5, however, in an effort to find statewide salary savings from vacant positions and quantify the amount of salary equity increases, bonuses, or other salary adjustments given by state agencies to state employees that are not specifically authorized or identified by the Legislative Assembly, during the 2023 legislative session, a new process was implemented by the Legislative Assembly through a "new and vacant FTE funding pool." This process included removing a portion of each agency's salary and wages appropriation in anticipation of estimated vacancy savings during the 2023-25 biennium and also removing funding approved for new FTE positions during the 2023 session. Of this funding, 70% of the funding removed in state agency budgets for estimated vacancy savings and 90% of the funding removed for new FTE positions was put in a "pool" of funds and appropriated to the Office of Management and Budget. The Office of Management and Budget was charged with transferring appropriation authority to state agencies as they fill new and vacant positions. It is possible for a state agency to recoup 100% of the funding removed from their budget through requests to OMB, but because the pool is underfunded, not all state agencies will be able to recoup the entire amount removed from their budgets. It was anticipated by the Legislative Assembly that the funding provided in the pool will be sufficient for the needs of state agencies during the 2023-25 biennium but in the event the pool is insufficient, OMB is instructed to request a deficiency appropriation from the 2025 Legislative Assembly for any potential salary shortfall. Please see page J-2 of the "State Budget Actions" report on the North Dakota Legislative Branch website (<https://www.ndlegis.gov/>) for more information on the new and vacant FTE funding pool. The file is located under "Budget Information", "2023-25 Biennium", "Regular Session Report."

<https://www.ndlegis.gov/sites/default/files/fiscal/2023-25/docs/2023-25-state-budget-actions.pdf>

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. **If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)?** As a result of the COVID-19 pandemic and historic inflation, nearly all state agencies reported to the 2023 Legislative Assembly the difficulty in recruiting and retaining qualified workers due to salary constraints of state government. As a result, the Legislative Assembly dedicated significant state resources to compensate state employees, mitigate inflationary effects on employee budgets and households, and compete with private employers for qualified workers. The Legislative Assembly authorized a targeted market equity pool for the purpose of providing compensation adjustments for executive branch state employees during the 2023-25 biennium. The salary equity increases were to be provided by July 1, 2023. Equity increases were also provided to legislative and judicial branch employees. In addition, the Legislative Assembly authorized a 6 percent state employee salary increase effective July 1, 2023. For the second year of the biennium, the Legislative Assembly authorized state employee salary increases of 4 percent

effective July 1, 2024. The increases for eligible state employees are to be based on documented performance, and are not intended to be the same percentage increase for every employee. The Legislative Assembly also continued to pay for 100% of state employee health insurance premium costs, which increased 15 percent from the 2021-23 biennium to the 2023-25 biennium. It is not yet known how these decisions will affect state employee recruitment and retention.

8. What works well with your state personal services budgeting process?

State agencies having flexibility to adjust individual position salaries based on need and qualifications of newly hired or recently promoted staff is generally viewed as a positive aspect of North Dakota's state employee budgeting process. In addition, state agencies have the flexibility to adjust the funding source (general, federal, or special funds) for some positions depending on the nature of the state agency and the job responsibilities of the employee, as long as the agency does not exceed their total appropriation authority by line item or funding source. This is also generally viewed as a positive aspect of the budgeting process.

9. What specific challenges do you have with your state personal services budgeting process?

What is a positive, can also be a negative from a legislative perspective because while having flexibility to adjust for unforeseen personnel and budgeting situations is a positive, there are times when the flexibility is abused, often in the form of excessive bonuses or salary equity increases that are not explicitly authorized by the Legislative Assembly. These concerns have resulted in testing the new and vacant FTE funding pool methodology to provide more legislative control on state employee funding and decision making during the interim. The results of the funding pool at the end of the 2023-25 biennium will determine if a funding pool should be established for the 2025-27 biennium or if other changes are necessary.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Oregon
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? Yes, Oregon's biennial budget is adopted in the long legislative session that begins in each odd-numbered year and may be adjusted by subsequent actions of the Legislature in the short even-numbered session, a special session, or by the Emergency Board. The Emergency Board is a joint committee established in Oregon's Constitution that has limited budgetary authority when the Legislature is not in session, including allocating from funds appropriated to the Emergency Board by the Legislature; authorizing agencies to spend from dedicated or continuously appropriated funds (e.g. Other Funds and Federal Funds expenditure limitation); authorizing transfers of expenditures within an agency budget; and creating or adjusting state agency positions and FTE.
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)

4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): Oregon’s budget is developed based on specific expenditure categories: personal services, services and supplies, capital outlay, special payments, debt service, capital improvement, and capital construction. The personal services budget is based upon a specific number of positions and FTE in each agency and the associated job classification, salary level, and funding for each position. However, the Legislature does not approve the budget in law by expenditure category, with the exception of debt service, capital improvement, and capital construction. Budgets are approved by fund type and program, so an agency could spend the total program budget in a manner that differed from the underlying budgeted expenditure categories. For example, savings from vacant positions could be used to support professional service contracts or other agency operating costs. However, agency spending across expenditure categories that varies significantly from the budgeted amounts would likely be considered as part of the agency’s budget development for the next biennium. Additionally, agencies are also allowed to reclassify, abolish, and establish positions administratively through a “permanent finance plan” that is approved by the Oregon Department of Administrative Services Chief Financial Office. The permanent finance plan is self-financed, so that the abolishment and downward reclassification of positions is used to cover the establishment or upward reclassification of positions.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Filled and vacant positions are budgeted similarly, with the exception that filled positions are budgeted based on the incumbent employee salary level and vacant positions are budgeted at Step 3 of the job classification salary range.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Yes, the personal services budget is calculated considering a “vacancy factor” intended to project budget savings reasonably expected from staff turnover during the biennium. The vacancy factor is developed for each state agency based on their respective prior biennium vacancies.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? In the 2022 session, the legislature passed a measure (SB 1514) providing employers a safe harbor under the state’s pay equity act to provide a

hiring bonus between April and September 2022. Accordingly, the state offered one-time hiring bonuses to employees of up to 5% of the annual salary. Additionally, as part of Oregon's typical budget process, the Legislature approves a special purpose appropriation (SPA) that may be allocated by the Emergency Board or Legislature to support compensation plan changes in the upcoming biennium (e.g. standard step increases and other collective bargaining changes). The compensation plan change SPA approved in the 2023 session for the 2023-25 biennium totaled \$450 million, including \$120 million to address employee recruitment and retention issues.

8. What works well with your state personal services budgeting process?
Developing the budget based on specific positions and FTE provides a level of detail that is helpful to the Legislature in understanding total costs associated with personal services. Additionally, the use of Oregon's position control system in the state's budget process helps ensure estimated personnel costs are correctly and consistently budgeted across state agencies.
9. What specific challenges do you have with your state personal services budgeting process?
State agencies have flexibility in expending their personal services budget and therefore, there have been issues with specific agencies hiring a considerable number of non-budgeted positions. These positions have either been financed through savings from budgeted position vacancies or other expenditure savings. However, agencies have also returned to the Legislature requesting funding for and creation of these positions. The difference between budgeted and actual positions is difficult to reconcile and can create confusion.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Pennsylvania
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): **The General Assembly usually only appropriates operating budgets at a high level, without differentiating between categories of spending, like personnel, operating, fixed assets and others within the appropriations act itself. Once enacted, the Governor's Budget Office establishes limits between those categories for executive agencies. Agencies can request to change these allocations, but they are subject to review and approval by the Governor's Budget Office.**

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Data on filled and vacant positions are used to derive the budget request, which the legislature also independently analyzes when determining what amount it wishes to appropriate. However, the total amount appropriated is generally flexible in the same way discussed in #4. Staff typically will budget different numbers of pay periods for vacant positions, based on the importance of the position to be filled and how long it has been vacant. Periodically, the authorized complement will be adjusted by the Office of Administration (executive branch), which can change the number of vacancies.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Turnover is accounted for by an adjustment factor applied to filled salaries or permanent wages during budget preparation. The turnover factor is calculated from long-term trend data by bargaining unit group to account for differences between different types of employees.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

- a. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? **Resignations and other separations were over 35% higher year-over year in 2021/22 (the latest year reported in the state government workforce statistics report). These rates are well above the historical norms. To mitigate these issues, the governor's Office of Administration directed agencies to reduce their overall time-to-hire, particularly in relation to the timeframe to complete the interview process. It scrutinized each step of the internal hiring process and have made changes where the law permits, such as making reference checks optional rather than mandatory and moving certain functions to post-hire. Regarding compensation, the starting rate for hard-to-fill jobs increased (working with the impacted unions, if applicable) and OA has approved more requests to appoint candidates above the minimum starting salary for certain union positions. The administration is currently in the process of finalizing new contracts with multiple labor unions, and compensation was identified as a primary need by all parties.**

8. What works well with your state personal services budgeting process?

The General Assembly and the Governor's Budget Office have access to the same data sources and updated data can be incorporated throughout different phases of the budget cycle if necessary. The process by which the administration's personnel request is derived is well-understood by legislative staff and is reasonably transparent. The legislature can effectively produce its own estimates if it chooses to do so, though this can lead to debate between the branches when negotiating a budget. The governor has strong authority to manage the budget once enacted, which extends to personnel management.

9. **What specific challenges do you have with your state personal services budgeting process? Pennsylvania currently has extremely high employer contribution rates for its state pension system, due to a large unfunded liability. Pension and OPEB costs are key budgetary pressures that have made an impact on agency budgets and overall state complement. From a process standpoint, the legislature can run reports from the data and system used by the executive branch to prepare the personnel calculations but is more limited in its ability to do scenario analysis that modifies different parameters. We will run these analyses, but it is largely done manually, rather than with the help of the system. Finally, over time we have seen a decline in the amount and detail of documentation for adjustments and changes made by the executive branch in its personnel calculations (and in other parts of the budget as well). This is partly due to fewer budget staff in the agencies who prepare the requests.**



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Texas
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? The Texas budget contains provisions that provide flexibility to agencies relating to personal services contingent on approval or notification to the Legislative Budget Board. Changes to the budget can be made through a supplemental appropriations bill during a regular or special session. A statutory process called Budget Execution (which requires approval from the Legislative Budget Board and the Governor) is also available to transfer appropriation authority when the Legislature is not in session.
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: Each agency has an FTE (full-time equivalent) cap that limits the number of employees for each agency, but the cap can be exceed by 10 percent with notice to the Legislative Budget Board and the Governor.

4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): Except for capital expenditures and significant funding transfers between operational strategies which require approval from the Legislative Budget Board and the Governor; agencies have some flexibility related to their use of appropriations to accomplish their mission and performance expectations.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference? Yes

[Click or tap here to enter text.](#)

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Future biennial budgets are based primarily on historical spending; therefore, the personal services budget includes anticipated employee turnover. If an agency is understaffed, excess appropriations for employees would be lapsed back into the general revenue fund and would be available for future general-purpose spending. If a pattern of unfilled positions is reported by an agency or institution of higher education, the Legislature may reduce the agency's FTE cap and funding levels.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? The Texas budget for 2024-25 includes a 5 percent salary increase (or \$3,000 per year if the employee was making less than \$60,000 per year) in each fiscal year for all state employees. There were also targeted salary increases at several agencies and recruitment bonuses for certain positions including employees at the Department of Public Safety. Additionally, the supplemental appropriations bill provided funding for the fiscal year 2024 salary increase during the last two months of fiscal year 2023.

8. What works well with your state personal services budgeting process?

The Texas budget contains provisions that provide flexibility to agencies relating to personal services while still maintaining Legislative oversight. Additionally, the State Auditor's Office is responsible for reviewing personal services and making recommendations related to position tables and compensation levels.

9. What specific challenges do you have with your state personal services budgeting process?

When agencies represent a need for more staff, either during the budget process or when legislation is filed that directly affects them, it can be challenging to consistently verify exactly how many staff an agency needs, what specific positions are needed, how much should be allocated for salary, and the method of finance to pay the salary. Additionally, agency requests sometimes do not recognize that a substantial amount of funds, in addition to the salary, must also be allocated for benefits to the employee: social security, health insurance, and retirement. Funding for these benefits are not agency specific; they are appropriated to the Employees Retirement System and the Comptroller.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Utah
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): Projected costs are calculated based on each individual employee/position, a factor is subtracted for turn-over savings (appropriated minus actual expense for personnel within an agency), spending is authorized in a lump sum and may be reallocated by the Executive. Reallocations impact the following year's turn-over savings calculation.
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): Any cost within a budgeted program, or within an appropriation line-item with reporting to the Legislature.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?
Yes – but vacant positions are reflected in turn-over savings for all position vacant or filled.
6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?
Yes. Each year we compare appropriated amounts to actual experience and calculate a discount factor that is applied to subsequent appropriations.
7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?
- a. Yes No
- b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? More work flexibility (telework). 10% raises on average.
8. What works well with your state personal services budgeting process?
Great data at the individual level including exact salary and benefit costs.
9. What specific challenges do you have with your state personal services budgeting process?
Still some gaming on new position funding (using requests for new staff to augment existing salaries within range.)



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Washington
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? **Yes. In even-numbered calendar years, the Legislature typically enacts a supplemental budget that makes modifications to the existing biennial budget.**
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): **WA is essentially a variation on the previous bullet ("FTE or approximate employee numbers are used to establish a budget request"). Funding for FTEs/state employees is embedded within each agency's appropriation and is typically not proviso'd, so technically the amounts can be used flexibly by the agencies, but the expectation is that legislative intent and approved union contracts will be honored.**
 - Specific Variations or Details of Note: **Legislative staff have the ability to run reports that show us authorized and actual FTE levels by agency or program.**
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): Yes, if it is not proviso'd, but it behooves the executive to communicate with the legislative branch if there is some reason why legislative intent is not being followed.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Yes, but the legislature may choose to assume savings from known or anticipated vacancies.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

Not as a matter of course, but this may be done as a discrete policy decision.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? Efforts have been made with mixed success. In funding new policy items in the budget that require hiring FTEs, legislators often choose to assume a phase-in to reflect the reality of how long it takes to recruit and hire for new FTE positions (for example, the budget might assume that 5 FTEs are hired per month until a total of 25 FTEs are hired rather than assuming all 25 FTEs are hired by the start of the new fiscal year). Additionally, the state has been more open to increasing salaries/wages and offering bonuses or incentive pay in order to fill high-need positions, both represented and non-represented.

8. What works well with your state personal services budgeting process?

Positive collaboration between executive and legislative branch employees and a legislative reporting system that allows legislative staff to investigate issues such as how an agency's authorized FTE level and actual FTE level compare.

9. What specific challenges do you have with your state personal services budgeting process?

There historically has not been a great deal of transparency in the calculations performed by the executive branch for compensation adjustments. Legislative and executive branch staff are currently working together to see how transparency can be improved without creating any employee privacy issues.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: WV
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? [Click or tap here to enter text.](#)
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): [Click or tap here to enter text.](#)
 - Specific Variations or Details of Note: [Click or tap here to enter text.](#)
4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?
 - Yes (if so, to what extent?): [Click or tap here to enter text.](#)
 - No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?
Yes
6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?
No
7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?
- a. Yes No
- b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? I'm unable to answer this at this time
8. What works well with your state personal services budgeting process?
State Budget provides the following legacy definition of personal services (see, e.g., [HB2024 RS 2023](#)): "Personal services" shall mean salaries, wages and other compensation paid to full-time, part-time and temporary employees of the spending unit but shall not include fees or contractual payments paid to consultants or to independent contractors engaged by the spending unit. "Personal services" shall include "annual increment" for "eligible employees" and shall be disbursed only in accordance with [Article 5, Chapter 5 of the Code](#)."
9. What specific challenges do you have with your state personal services budgeting process?
I'm unable to answer this at this time



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

States Personal Services/Personnel Budgeting Survey

1. State: Wisconsin
2. Does your legislature approve a 1-year or 2-year budget for personal services (state employees)?
 - a. 1 year 2 years
 - b. If 2 years, does your legislature have the ability to make changes during a non-budget session? Yes
3. In general, how do you develop a budget for the personal services/FTE/state employees in your state?
 - Specific dollar amounts are allocated for each employee, and the executive can only hire within the budget for that specific position.
 - Lump sums are allocated to the executive, and the executive can hire/pay whatever within that parameter.
 - FTE or approximate employee numbers are used to establish a budget request, but the amount approved by the legislature can be used flexibly by the executive.
 - Other (please specify): In Wisconsin, funding is provided to agencies under the provisions of Chapter 20 of the statutes, as well as certain provisions of Chapters 13 and 16. Chapter 20 includes a schedule (list) of appropriations by agency, with the purposes, appropriation types, and fund sources indicated. Pay administration for the executive branch is primarily governed by Chapter 230 of the statutes, as well as several provisions of Chapter 20 for certain positions. The cost of state employee salaries and fringe benefits is calculated on the basis of a snapshot of actual salary rates and recent fringe benefit costs. The resulting amounts are used to establish budget requests, which can be modified by the Legislature. Final budgeted amounts for salaries and fringe benefits are included as component parts of individual appropriations, where applicable (other components could include supplies and services, aids to individuals and organizations, local assistance, or debt service). The executive has flexibility with regard to spending amounts only within a specific appropriation. Transfers of funding between appropriations can be made only by law or

through an action of the Joint Committee on Finance. Separately, funding relating to certain compensation-related purposes is also reserved in a central pool known as "compensation reserves" from which appropriations may be supplemented annually near the end of each fiscal year based on demonstrated need, through a request from the executive, under a 14-day passive review by the Joint Committee on Finance. The Committee may modify the request at a meeting scheduled for that purpose. Pay administration for most executive branch employees, as well as elected officials, is governed by the state compensation plan, a document that is prepared by the executive and modified incrementally, and which is subject to approval and modification by the Joint Committee on Employment Relations. Executive branch positions are administratively assigned to the pay schedules and pay ranges of the compensation plan, some of which are broadbanded with more pay flexibility, while others are not broadbanded.

Specific Variations or Details of Note: During 2023-25 biennial budget deliberations, the Legislative Fiscal Bureau prepared [six budget papers](#) relating to compensation reserves for consideration by the Joint Committee on Finance (follow link to access the papers). Further, in December, 2021, the Fiscal Bureau prepared a [summary of the proposed 2021-23 state compensation plan](#) for the Joint Committee on Employment Relations (follow link to access the summary).

4. Can the executive use personal services/personnel funding in other ways? (i.e. contract labor, operations costs, etc. through budget modifications)?

Yes (if so, to what extent?): Funding provided to each appropriation can generally be used, within the amounts appropriated and for the lawful purpose of the appropriation, as needed. The executive manages administrative transfers between "allotment lines" within appropriations. As noted above, transfers between appropriations can only occur through legislation or actions of the Joint Committee on Finance. Compensation reserves can only supplement appropriations for the cost of salaries or fringe benefits.

No

5. Does your state budget for filled and vacant positions in the same way? If no, then what is the difference?

Mostly yes, with some differences. For agencies excluding the University of Wisconsin System, vacant positions are budgeted at the minimum of the salary range, whereas filled positions are generally budgeted on the basis of the actual pay rates in the position snapshot used for the budget request. Vacant positions of the UW System are not funded.

6. Does your state reduce the personal services budget for anticipated employee turnover? If yes, then how?

For appropriations with more than 50.0 FTE positions, budget requests typically calculate the "turnover reduction" amount as 3% of permanent position salaries, with a lower rate permitted for appropriations that fund 24/7 state facilities (such as prisons and mental

health facilities). However, in the 2021-23 biennial budget the Legislature modified this rate to 4% and in the 2023-25 biennial budget a rate of 5% is used.

7. Has your state experienced higher vacancies and greater salary pressures than normal in the last three years?

a. Yes No

b. If yes, what is your state doing to mitigate this issue (and do you have evidence the mitigation is working)? In the recently enacted 2023-25 biennial budget (2023 Act 19), funding is included in compensation reserves for general wage adjustments of 4% in the first fiscal year and 2% in the second fiscal year, as well as for other targeted pay increases for positions such as prison guards and state attorney staff of district attorney and public defender offices.

8. What works well with your state personal services budgeting process?

[Click or tap here to enter text.](#)

9. What specific challenges do you have with your state personal services budgeting process?

[Click or tap here to enter text.](#)