

Employee Compensation

The governor's budget reflects proposed compensation adjustments to more than 30 bargaining agreements that cover more than 60,000 state employees and 51,000 publicly-funded, nonstate employees.

State employees

Heading into the 2021-23 biennium, state employees last year agreed to new collective bargaining agreements that provided no general wage increases for two years and called for monthly, one-day furloughs for most workers. The 24 furlough days would have equated to a 4.6% pay reduction for most employees.

Ultimately, the biennial budget enacted earlier this year did not require furloughs, but there were no scheduled wage increases.

Recognizing pressures on the state workforce and increased living costs — and given our improved economic and revenue projections — the state agreed to reopen bargaining to consider compensation adjustments. The governor's budget includes funds for a number of these.

Under the revised agreements, most state employees are scheduled to receive a 3.25% general wage increase, effective July 1, 2022. In addition, lower-wage workers will receive a graduated lump sum payment based on annual income.

Due to tightening labor markets and increased resignations, targeted base range

increases will be provided for certain critical job classifications. These targeted increases will be contingent upon a memorandum of understanding between the state and the relevant unions.

The governor's budget assumes a 3.25% general wage increase, effective July 1, 2022, for non-represented state employees.

Nonstate employees

The governor's budget also includes funding for rate enhancements and other increases for providers who have played an integral role in the COVID-19 response and are important to the state's continued economic recovery.

The budget includes funding to support adult family home providers by investing in training for new long-term care workers. It also provides a cost of care rate enhancement for family child care providers so that they can remain operational and provide needed support for low-income and working families, and a base rate increase for in-home caregivers who serve some of the state's most vulnerable individuals. The budget funds an hourly rate increase for language access providers to ensure equal access for non-English speaking clients for Medicaid and social service appointments.

The total estimated Near General Fund-State cost of the compensation increases for employees (represented and nonrepresented) and nonstate employees is \$386 million.