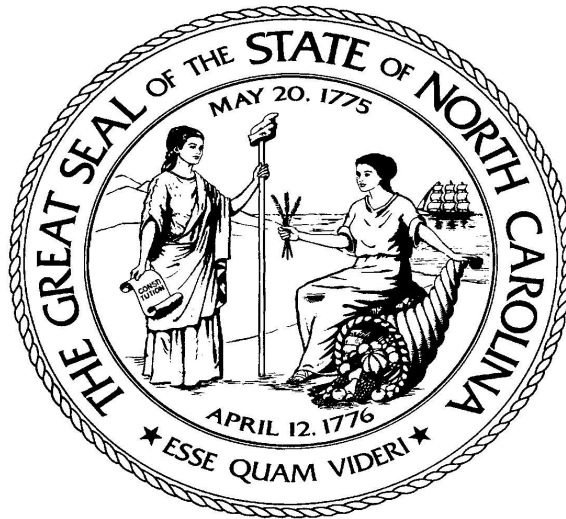




Recommended Salary Adjustment Fund Adjustments for FY 2006-07

Report to the Joint Legislative Commission on
Governmental Operations

Prepared by:
Office of State Budget and Management
Office of State Personnel

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Executive Summary

Legislation

Section 22.15(a) of Session Law 2006-66 (Budget Bill) specifies any remaining appropriations in the Reserve for Compensation Increases may be used to support the Salary Adjustment Fund. The Fund may be used for the following purposes:

- (1) Salary range revisions, including special minimum rates adjustments to provide competitive salary rates for affected job classifications in response to changes in labor market salary rates as documented through data collection and analysis according to accepted human resource professional practices and standards.
- (2) Reallocations of positions to higher-level job classifications to compensate employees for more difficult duties at competitive salary rates as documented through data collection and analysis according to accepted human resource professional practices and standards.

The Fund shall only be used for salary range revisions and reallocations that have been approved by the State Personnel Commission on or before May 1, 2006. Funds may not be used for in-range adjustments, career banding adjustments, career progression adjustments or other adjustments defined by State Personnel Policy. In addition, the Director of the Budget may not transfer more than \$18.9 million from the Fund to agencies for salary adjustments, and that the oldest pending adjustments shall be funded first.

The Office of State Personnel (OSP) and the Office of Budget and Management (OSBM) met with members of the General Assembly and Fiscal Research staff in the 2006 Short Session to discuss Salary Adjustment Fund issues. From those discussions, it was clear that the legislative intent for the Salary Adjustment Fund was to fund all outstanding reallocations, range revisions and special minimum rate adjustments for state agencies.

Process

OSP and OSBM completed an initial survey of agency salary adjustment needs (backlog of pending actions) in May 2006. After the Appropriations Act was enacted, the agency surveys were updated to ensure agencies had the opportunity to include all requests since Section 22.15 changed slightly from earlier versions. The initial survey requests totaled \$18.7 million, while the final survey totaled \$19.9 million. The major differences in the two requests stem from allowing the Judicial Department to receive monies from the Fund as well as the Department of Health and Human Services including all support staff, trades positions and dental hygienist positions that require increases under this section (approved special minimum rates).

Recommendation

OSP and OSBM recommend that \$9,620,706 (annualized amount is \$19,241,412 in FY 2007-08, which includes \$675,688 for court personnel) be authorized to expend at this time. FY 2006-07 increases would be effective January 1, 2007. A summary of recommended agency allocations for the Salary Adjustment Fund is included in Attachment A. SAF allocations will provide compensation increases to approximately 12,043 employees. Of these employees, 37% earn less than \$30,000 per year; 75% earn less than \$40,000 per year; and 87% earn less than \$50,000 per year. Actions include 2,612 range revisions, 296 reallocations and 9,135 special minimum rate adjustments.