



Salary Adjustment Fund Allocations for FY 2007-08

(Revised)

Report to the Joint Legislative Commission
on Governmental Operations

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

December 11 and 12, 2007

Executive Summary

Legislation

Section 28.18 of Session Law 2007-323 (Budget Bill) specifies that 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, special minimum rates, grade to band transfers and geographic site differential adjustments to provide competitive salary rates for affected job classifications/groups in response to changes in labor market rates as documented through data collection and analysis according to accepted human resource professional practices and standards.
- (2) Reallocation 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 terms 'salary range revision' and 'reallocation' as used in this section shall conform to the definitions of those terms as previously contained in the State Personnel Manual and adopted by the State Personnel Commission effective immediately prior to November 1, 2005. Funds shall only be used for salary adjustments that are in compliance with State Personnel Commission policies. Funding shall first be provided to the earliest actions approved on or before July 1, 2007, by the State Personnel Commission or the Office of State Personnel and shall not be used for other purposes including, but not limited to, in-range adjustments, career progression adjustments, or other adjustments as these terms may be defined by State personnel policy.

Process

The Office of State Budget and Management (OSBM) and the Office of State Personnel (OSP) completed an initial survey of agency and university salary adjustment needs (backlog of actions) in April 2007. After the Appropriations Act was enacted, OSBM and OSP, in consultation with Fiscal Research Division staff, sent instructions to agencies and universities detailing how funds for these purposes were to be requested. The surveys were updated to ensure that agencies and universities had the opportunity to include all requests based on the wording of the final legislation. The survey requests totaled \$23,883,195. OSP and OSBM reviewed requests as they relate to legislative intent and the recommendations below meet the described requirements in Section 28.18.

Recommendation for General Fund Agencies and Universities

OSP and OSBM recommend that an annualized amount of \$16,898,962 (amount allocated in FY 2007-08 due to 1-1-08 effective date is \$8,449,481) be authorized to expend at this time. A summary of recommended agency allocations for the Salary Adjustment Fund is included in Attachment A. SAF allocations will provide compensation increases to approximately 3,150 agency and university employees.

Attachment A: Salary Adjustment Fund Recommendations for FY 2007-08
(Revised)

#	Agency/University	Total Amount Requested	*Recomm. by Priority Date	*Recomm. w/ Benefits (15.48%)
1	Administration	\$ 335,526	\$ 118,048	\$ 136,322
2	Administrative Office of the Courts	\$ 167,500	\$ 167,500	\$ 193,429
3	Indigent Defense	\$ 68,613	\$ 68,613	\$ 79,234
4	Agriculture	\$ 850,380	\$ 124,517	\$ 143,792
5	Commerce	\$ 48,922	\$ 48,922	\$ 56,495
6	Community College System	\$ 128,943	\$ 127,225	\$ 146,919
7	Correction	\$ 1,014,788	\$ 512,866	\$ 592,258
8	Crime Control & Public Safety	\$ 545,519	\$ 510,222	\$ 589,204
9	Cultural Resources	\$ 66,279	\$ 66,279	\$ 76,539
10	Environment & Natural Resources	\$ 1,000,980	\$ 111,924	\$ 129,250
11	Health & Human Services	\$ 2,156,073	\$ 1,211,524	\$ 1,399,068
12	Insurance	\$ 24,000	\$ 12,000	\$ 13,858
13	Justice	\$ 256,360	\$ 256,360	\$ 296,045
14	Juvenile Justice & Delinquency Prevention	\$ 226,303	\$ 2,196	\$ 2,536
15	Labor	\$ 13,558	\$ 3,095	\$ 3,574
16	Administrative Hearings	\$ 10,783	\$ -	\$ -
17	Public Instruction	\$ 130,858	\$ 43,561	\$ 50,304
18	Revenue	\$ 390,821	\$ 268,339	\$ 309,878
19	Secretary of State	\$ 56,712	\$ 41,246	\$ 47,631
20	State Auditor	\$ 6,738	\$ -	\$ -
21	State Budget & Management	\$ 50,821	\$ 42,136	\$ 48,659
22	State Controller	\$ 4,881	\$ -	\$ -
23	State Personnel	\$ 4,383	\$ 4,383	\$ 5,061
24	State Treasurer	\$ 60,423	\$ -	\$ -
25	Subtotal Agency	\$ 7,620,164	\$ 3,740,956	\$ 4,320,056
26	Appalachian State	\$ 1,279,774	\$ 872,538	\$ 1,007,607
27	East Carolina University	\$ 3,397,336	\$ 3,025,300	\$ 3,493,616
28	Elizabeth City State University	\$ 134,724	\$ 105,429	\$ 121,749
29	Fayetteville State University	\$ 84,504	\$ 84,504	\$ 97,585
30	N.C. Agricultural & Technical State University	\$ 943,539	\$ 440,686	\$ 508,904
31	N.C. Central University	\$ 257,079	\$ 257,079	\$ 296,875
32	N.C. State University	\$ 3,911,874	\$ 2,120,848	\$ 2,449,155
33	School of the Arts	\$ 112,818	\$ -	\$ -
34	School of Science and Math	\$ 5,589	\$ 5,589	\$ 6,454
35	UNC Asheville	\$ 168,656	\$ 168,656	\$ 194,764
36	UNC Chapel Hill	\$ 2,132,113	\$ 1,795,980	\$ 2,073,998
37	UNC Charlotte	\$ 884,253	\$ 739,185	\$ 853,611
38	UNC General Administration	\$ 36,188	\$ 36,188	\$ 41,790
39	UNC Greensboro	\$ 1,075,487	\$ 907,405	\$ 1,047,871
40	UNC Pembroke	\$ 1,247,359	\$ 287,025	\$ 331,456
41	UNC Wilmington	\$ 67,922	\$ -	\$ -
42	Western Carolina University	\$ 62,455	\$ -	\$ -
43	Winston Salem State University	\$ 48,152	\$ 46,302	\$ 53,470
44	Subtotal University	\$ 15,849,822	\$ 10,892,714	\$ 12,578,906
45	Total Agency and University	\$ 23,469,986	\$ 14,633,670	\$ 16,898,962
46	Note: *Recommended effective date is 1-1-08.		\$ 7,316,835	\$ 8,449,481

ADDENDUM

Alternative Recommendation for Discussion for General Fund Agencies and Universities (see Attachment B)

OSP and OSBM respectfully submit an alternative recommendation for discussion. Under this alternative, sixty-two percent of all agency and university requests would be funded. This recommendation would not strictly comply with the “earliest action” requirement outlined in Section 28.18 of the legislation. We believe this alternative would be more inclusive and equitable across agencies and universities for the following reasons.

1. It would provide funding to all agencies and universities. Specifically, the State Auditor, State Controller, State Treasurer, Office of Administrative Hearings, School of the Arts, UNC Wilmington and Western Carolina would receive funds.
2. The “earliest action” requirement may penalize agencies and universities inappropriately. For instance, some agencies and universities may have chosen not to request a range revision, reallocation or career-band transition for their employees due to the lack of available funds. Following the “earliest action” requirement strictly may cause similarly classified employees across agencies and universities to be treated differently.

A summary of recommended agency allocations for this alternative recommendation is included in Attachment B. This alternative would authorize an annualized amount of \$16,803,947 (amount allocated in FY 2007-08 due to 1-1-08 effective date is \$8,401,973). **If this recommendation were approved, OSP and OSBM would instruct and require agencies and universities to fund their earliest actions first.**

ADDENDUM				
Attachment B: Alternative Recommendation for Discussion				
(Revised)				
#	Agency/University	Total Amount Requested	*Recomm. 62% of Total Request	*Recomm. w/ Benefits (15.48%)
1	Administration	\$ 335,526	\$ 208,026	\$ 240,229
2	Administrative Office of the Courts	\$ 167,500	\$ 103,850	\$ 119,926
3	Indigent Defense	\$ 68,613	\$ 42,540	\$ 49,125
4	Agriculture	\$ 850,380	\$ 527,236	\$ 608,852
5	Commerce	\$ 48,922	\$ 30,332	\$ 35,027
6	Community College System	\$ 128,943	\$ 79,945	\$ 92,320
7	Correction	\$ 1,014,788	\$ 629,169	\$ 726,564
8	Crime Control & Public Safety	\$ 545,519	\$ 338,222	\$ 390,579
9	Cultural Resources	\$ 66,279	\$ 41,093	\$ 47,454
10	Environment & Natural Resources	\$ 1,000,980	\$ 620,608	\$ 716,678
11	Health & Human Services	\$ 2,156,073	\$ 1,336,765	\$ 1,543,697
12	Insurance	\$ 24,000	\$ 14,880	\$ 17,183
13	Justice	\$ 256,360	\$ 158,943	\$ 183,548
14	Juvenile Justice & Delinquency Prevention	\$ 226,303	\$ 140,308	\$ 162,028
15	Labor	\$ 13,558	\$ 8,406	\$ 9,707
16	Administrative Hearings	\$ 10,783	\$ 6,685	\$ 7,720
17	Public Instruction	\$ 130,858	\$ 81,132	\$ 93,691
18	Revenue	\$ 390,821	\$ 242,309	\$ 279,818
19	Secretary of State	\$ 56,712	\$ 35,161	\$ 40,604
20	State Auditor	\$ 6,738	\$ 4,178	\$ 4,824
21	State Budget & Management	\$ 50,821	\$ 31,509	\$ 36,387
22	State Controller	\$ 4,881	\$ 3,026	\$ 3,495
23	State Personnel	\$ 4,383	\$ 2,717	\$ 3,138
24	State Treasurer	\$ 60,423	\$ 37,462	\$ 43,261
25	Subtotal Agency	\$ 7,620,164	\$ 4,724,502	\$ 5,455,855
26	Appalachian State	\$ 1,279,774	\$ 793,460	\$ 916,287
27	East Carolina University	\$ 3,397,336	\$ 2,106,348	\$ 2,432,411
28	Elizabeth City State University	\$ 134,724	\$ 83,529	\$ 96,459
29	Fayetteville State University	\$ 84,504	\$ 52,392	\$ 60,503
30	N.C. Agricultural & Technical State University	\$ 943,539	\$ 584,994	\$ 675,551
31	N.C. Central University	\$ 257,079	\$ 159,389	\$ 184,062
32	N.C. State University	\$ 3,911,874	\$ 2,425,362	\$ 2,800,808
33	School of the Arts	\$ 112,818	\$ 69,947	\$ 80,775
34	School of Science and Math	\$ 5,589	\$ 3,465	\$ 4,002
35	UNC Asheville	\$ 168,656	\$ 104,567	\$ 120,754
36	UNC Chapel Hill	\$ 2,132,113	\$ 1,321,910	\$ 1,526,542
37	UNC Charlotte	\$ 884,253	\$ 548,237	\$ 633,104
38	UNC General Administration	\$ 36,188	\$ 22,437	\$ 25,910
39	UNC Greensboro	\$ 1,075,487	\$ 666,802	\$ 770,023
40	UNC Pembroke	\$ 1,247,359	\$ 773,363	\$ 893,079
41	UNC Wilmington	\$ 67,922	\$ 42,112	\$ 48,631
42	Western Carolina University	\$ 62,455	\$ 38,722	\$ 44,716
43	Winston Salem State University	\$ 48,152	\$ 29,854	\$ 34,476
44	Subtotal University	\$ 15,849,822	\$ 9,826,890	\$ 11,348,092
45	Total Agency and University	\$ 23,469,986	\$ 14,551,391	\$ 16,803,947
46	Note: *Recommended effective date is 1-1-08.		\$ 7,275,696	\$ 8,401,973