

# DHRM COMPENSATION BULLETIN

**Effective Date:** June 30, 2007

**Reference:** UCA 67-19-12  
UCA 67-22-2  
SB 228  
SB 196  
SB 3

**SUBJECT:** Compensation for State Employees FY 2008 – (July 2007 – June 2008)

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## **Legislative Language:**

SB 228:

- provides for a 3.5% cost of living allowance for state and higher education employees not including judges and school district personnel;
- provides for a 1.5% discretionary salary increase for state and higher education employees not including school district personnel;
- provides funding for certain market comparability increases; (SB 228, Item 6, Item 9, Item 17)
- provides funding for an increase in the premiums charged for state and higher education employee health benefits.

## **Total Compensation Package**

Compensation adjustments approved by the Legislature during each legislative session include both salary adjustments and adjustments in benefits. The total compensation package for benefited State employees for FY 2008 is comprised of the following:

3.50% Cost-of-Living Adjustment  
1.45% Benefit increases (health insurance rate increases)  
**4.95% Total Compensation Package for all benefited employees\***

**\*The legislature also approved 1.5% discretionary funding** for each agency to address hot spot issues such as compression, exceptional performance, recruitment and retention issues, or other areas of concern. Agency heads will determine what their agency's hot spot issues are and will allocate either step increases or bonuses to affected employees. Each agency will communicate to its employees how this funding will be distributed as soon as these decisions are made.

## General Salary Adjustments

Cost-of-Living Adjustment – State employees will receive a 3.5% COLA effective June 30, 2007. This increase will appear in paychecks on July 27, 2007. All employees on the General and Longevity pay plans, in Schedules B, AC, AD, AE, AF, AG, AI, AJ, AK, AL, AM, AN (permanent Legislative staff only), AO, AR, AS, AT, and TE will receive the 3.5% COLA.

## Market Comparability Adjustments

There are no statewide Market Comparability Adjustments for FY 2008. No salary ranges will be adjusted.

## Merit Increases

There are no Merit increases for FY 2008.

## Special Salary Adjustments

Agencies also received 1.5% discretionary funding to provide salary step increases and/or bonuses to employees within hot spot areas to be identified by each department. Each department must submit their plan for how they will be spending their portion of the 1.5% discretionary money to DHRM no later than April 20, 2007. DHRM will review the plans for any red-flags and will then finalize the plans with the Governor's Office of Planning & Budget. Once the discretionary plans are approved, DHRM will work with each individual agency to determine the best method of identifying specific employees who will be receiving salary increases and/or bonuses. We will attempt to automate as much of these increases as we can. Please note that some increases may need to be manually entered by each affected agency. All of the discretionary step increases will be coded in HRE as **ASI-Discretionary FY 2008**.

Special agency-specific legislatively-approved salary adjustments were provided for five agencies: the Attorney General's Office, the Department of Public Safety, the Department of Corrections, the Department of Human Services (Division of Child & Family Services), and the Department of Natural Resources. All of these special agency-specific legislatively-approved salary adjustments will be coded in HRE as **ASI-Legislative Approval**.

If an agency wishes to give salary increases with monies from its existing budget, after the agency-specific legislatively-approved funding and discretionary funding has been exhausted, these salary increases must be entered with an ASI action code in HRE that is appropriate for what you are giving the increase for, i.e. executive director approval, performance, equity, etc. Please do not use the ASI-Legislative Approval or the ASI-Discretionary FY 2008 action codes, even if you consider them to be the same type of increase. DHRM must be able to produce reports that separate these actions based upon their funding source.

**Important note: DHRM will be providing reports to the Governor's Office, the Legislature, and agencies detailing how the agency-specific legislatively-approved funding and the discretionary funding were spent. It will be VERY critical that each individual employee's increase be coded with the correct reason. If you are in an agency that received both types of funding, or your agency wishes to spend more monies than it received, please work directly with your financial staff to determine which specific increases are to be funded out of which funding source so they are accurately documented in HRE.**

**Additionally, when planning for these special salary adjustments, make sure that they are factored on employee salaries AFTER the COLA and all other increases that happen in Step 1 below. Otherwise your budgeting may be off in the distribution of this extra funding.**

### **Executive Compensation**

SB 196, Executive Compensation Amendments, passed and was signed into law by the Governor on March 6, 2007. This creates two new broadband salary ranges for positions formerly on the Executive Pay Plan (positions covered in 67-22). One of the salary ranges will be tied to the salary ranges of Deputy Directors and the other salary range will be tied to District Court Judges' salaries. All executive salaries will also now be tied to a step on the general pay plan. Please see SB 196 for the specific details.

Salary increases for executives in 67-22 must still be approved by the Governor. As of this date, there have been no final decisions made on increases for these executives for FY 08. DHRM will notify each agency once this decision has been reached. Additionally, if salary increases are approved for executives, all data entry and approval will either be automated or manually entered by the DHRM Policy Division.

### **Sequence and Explanation of Compensation Changes at Fiscal Year End**

#### **1. Longevity and Other Salary Increases (Agency Manual Entry)**

- Salary increases, **other than the COLA, discretionary increases, and special agency-specific legislatively-approved increases (as described above)**, such as longevity increases, promotional increases and regular ASI's **must be manually entered by the agency and approved prior to fiscal year-end processing**. See "Other Important Information" for critical dates regarding fiscal year-end processing.
- If more than one type of increase is processed for a single employee, the increases will run in chronological order based upon which is entered first.
- Increases, other than the COLA, discretionary increases, and special agency-specific legislatively-approved increases (as described above), are funded from existing agency budgets. There is no additional or separate funding.
- Longevity salary increases are to follow previously established DHRM rules for eligibility. Career service employees must have a current performance evaluation of successful or higher within the prior year in order to be eligible and these reviews must be entered into HRE prior to entry of the Longevity Increase action. Employees in Schedules AA, AB, AL, AJ, AN, AO, AP and AQ are not eligible for longevity increases.
- The "Projected Longevity Report" in the HRE system can assist agencies in identifying eligible employees. Select "Reports" from the activity list and then select "Employment Reports." Enter the Agency and Low Org data and click on "Projected Longevity."

#### **2. Adjustment to Pay Plans for 3.5% COLA (DHRM Automated Processing)**

The General and Longevity pay plans will be adjusted to reflect the 3.5% COLA. For example, the current value of Step 55 is \$21.61 but will increase to approximately \$22.37 after applying the COLA. In order to maintain the 2.75% between steps that is required by state law, there may be some steps that do not receive exactly a 3.5% adjustment.

**3. Employee Salary Increase for 3.5% COLA (DHRM Automated Processing)**

Employee salary rates will be changed to reflect the 3.5% COLA. The employee's salary step on the pay plan will remain the same, but the value of the step will be worth approximately 3.5% more. For example, if an employee is on Step 50, he or she will remain on Step 50, but the value of the step will be worth an additional 3.5%. The salary increase will appear in the July 27, 2007, pay check.

**4. Agency-Specific Legislatively-Approved Salary Increases (DHRM Automated Processing where possible)**

All salary increases to be paid for out of agency-specific legislatively-approved funding, for the Attorney General's Office, DHS, DNR, DOC, and DPS will be processed. All of these increases will be coded in HRE as ASI-Legislative Approval.

**Important note: DHRM will be providing reports to the Governor's Office, the Legislature, and agencies detailing how the agency-specific legislatively-approved funding and the discretionary funding were spent. It will be VERY critical that each individual employee's increase be coded with the correct reason. If you are in an agency that received both types of funding, or your agency wishes to spend more monies than it received, please work directly with your financial staff to determine which specific increases are to be funded out of which funding source so they are accurately documented in HRE.**

**5. 1.5% Discretionary Funding (DHRM Automated Processing where possible)**

All salary increases to be paid for out of the 1.5% discretionary funding will be processed. All of these increases will be coded in HRE as ASI-Discretionary FY 2008. These types of increases will be allowed throughout FY 08 but this action code cannot be used in HRE prior to July 10, 2007.

**Important note: DHRM will be providing reports to the Governor's Office, the Legislature, and agencies detailing how the agency-specific legislatively-approved funding and the discretionary funding were spent. It will be VERY critical that each individual employee's increase be coded with the correct reason. If you are in an agency that received both types of funding, or your agency wishes to spend more monies than it received, please work directly with your financial staff to determine which specific increases are to be funded out of which funding source so they are accurately documented in HRE.**

**6. ASIs from Existing Agency Budgets – Those Tied to Special or Discretionary Monies (DHRM Automated Processing where possible)**

If an agency wishes to give salary increases with monies from its existing budget, after the agency-specific legislatively-approved funding and discretionary funding has been exhausted, these salary increases must be entered with an ASI action code in HRE that is appropriate for what you are giving the increase for, i.e. executive director approval, performance, equity, etc. Please do not use the ASI-Legislative Approval or the ASI-Discretionary FY 2008 action codes, even if you consider them to be the same type of increase. DHRM must be able to produce reports that separate these actions based upon their funding source.

## Benefits

1. Health benefit premiums for FY 2008 will increase 10.32%. The State's portion has been fully funded by the Legislature. The premium contribution rates that the State and employees pay for the health insurance benefit did not change; they will remain at 7% employee contribution for the PEHP Preferred Plan and 2% employee contribution for all other plans. Although the contribution rate for the employee's portion of the premium did not increase, employees are still responsible for paying their portion of the 10.32% overall increase in premiums. This amounts to a bi-weekly increase of no more than \$3.39, depending on the plan chosen and the level of coverage.

Dental insurance premiums did not increase for the PEHP Traditional and Preferred Choice plans, but did increase for the Dental Select plan by less than 2%. This amounts to a bi-weekly increase of no more than \$0.12, depending on the level of coverage.

2. Employees enrolled in **PEHP Preferred Care** will continue to pay 7% of the bi-weekly premium. The 10.32% total increase in premium rates results in the following new rates for employees: Single coverage - \$13.17; 2-party coverage - \$27.16; Family coverage - \$36.26.
3. Employees enrolled in **Advantage Care or Summit Care** will continue to pay 2% of the bi-weekly premium. The 10.32% total increase in premium rates results in the following new rates for employees: Single coverage - \$3.50; 2-party coverage - \$7.22; Family coverage - \$9.64.
4. Employees enrolled in the **High-Deductible Health Plan with a Health Savings Account (HSA)** will continue to pay 0% of the premium. The State will pay 100% of the premium for this plan. This plan has a high-deductible of \$1,100 for single coverage and \$2,200 for two-party and family coverage. The State will also make an annual contribution in the employee's behalf into the Health Savings Account of \$650 for single and \$1,300 for two-party and family coverage; employees can opt to contribute their own money to the HSA as well. Contributions to the HSA will be made on a bi-weekly basis.
5. **PEHP Traditional Dental** had no plan design changes. The bi-weekly rates will be as follows: Single coverage - \$6.45; 2-party coverage - \$8.42; Family coverage - \$12.06.
6. **PEHP Preferred Dental** had no plan design changes. The bi-weekly rates will be as follows: Single coverage - \$1.06; 2-party coverage - \$1.35; Family coverage - \$1.95.
7. **Dental Select** had no plan design changes. The bi-weekly rates will be as follows: Single coverage - \$.00; 2-party coverage - \$5.33; Family coverage - \$7.91.

## Other Important Information

1. **The HRE system will go down at 5:00 p.m. on June 28, 2007, to run fiscal year end.** It will be back up July 2, 2007, at 8:00 a.m.
2. **Agency assignment, classification, and salary Actions** that are entered and approved prior to DHRM's shutdown of the system that have an effective date of June 30, 2007, or earlier, will process before the COLA. Note that **assignment actions** that you want effective June 30, 2007, must be entered and approved on or before 5:00 p.m. on June 28. Pending actions will be deleted. Between July 2, 2007, and 5:00 pm on July 9, 2007, salary and assignment actions will be allowed with effective dates from June 16, 2007, and forward. This will allow new hire, rehire, reappointment from register, and retroactive pay actions to be entered back to as early as June 16,

2007. Most other actions will not be allowed since most active employee records will have at least a COLA action effective June 30, 2007. Beginning July 10, 2007, no action will be allowed with an effective date before June 30, 2007.

3. Employees on the General and Longevity Pay Plans, in Schedules B, AC, AD, AE, AF, AG, AI, AJ, AK, AL, AM, AN (permanent Legislative staff only), AO, AR, AS, AT, and TE will receive the 3.5% COLA.
4. **The 3.5% COLA for employees on Pay Rate Indicator 2 or 3 will be processed by DHRM.** Since employees in this category are not on a step, their salary increase will be determined by adding 3.5% to their hourly rate, using simple rounding. In no case will the new hourly rate exceed the maximum hourly rate for the job classification. For example, an employee whose hourly rate before the COLA was \$19.75 and is in a job with a maximum hourly rate of \$20.00 would not receive the full 3.5% increase, which would calculate to \$0.69. Instead, they would receive a \$0.25 increase, taking the employee to the maximum of their salary range.
5. **Executive Directors and Commissioners** – To date, no salary increases have been approved for FY 2008. DHRM is working with the Governor’s Office to finalize salary increases for executives. If salary increases are approved for executives all data entry and approval of these actions will be handled by the DHRM Policy Division.
6. **Salary increases shall be effective June 30, 2007,** and will show in the paycheck received on July 27, 2007.
7. **Performance Evaluations** must be entered prior to June 28, 2007, in order for longevity increases to process. The absence of an employee’s performance evaluation will not preclude him or her from receiving the COLA. Nevertheless, we encourage you to follow the normal, annual practice of completing and entering your evaluations into the HRE system.