

# DHRM TOTAL COMPENSATION BULLETIN

## Compensation and Benefits Information for State Employees FY 2015

**Effective Date:** June 21, 2014

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### 1. Salary Updates

#### H.B. 7- State Agency and Higher Education Compensation Appropriations

- Provides funding equivalent to a 1.25% cost of living adjustment for state and higher education employees. 1% of this adjustment will be administered as a General Increase and 0.25% will be administered as discretionary pay.
- Provides appropriations for a 25.7% increase in worker's compensation rates.

#### General Increase

- The legislature provided funding equivalent to a 1.25% cost of living adjustment for certain state employees. 1% of the increase will be provided as a general salary increase.
- The 1% salary increase will be administered as a General Increase to employees who meet certain eligibility criteria. A general increase functions similar to a COLA; however no adjustments will be made to salary ranges. (See the bulleted section below to see which employees are eligible.)
- Eligible employees who are at the maximum of the salary range, above the maximum or in longevity will receive a one-time bonus equivalent to the calculation of a 1% yearly salary increase. The calculation will be based on 2088 hours. DHRM will work closely with the Division of Finance to provide employees who receive a one-time bonus with FAQ's on how taxes will be applied, and will provide options for utilizing pre-tax plans, etc.
- Employees who are less than 1% away from the maximum of the salary range will receive an increase to take them to the maximum of the salary range and the difference will be given in the form of a one-time bonus, for a total increase equal to 1%.
- Non-Benefited employees will only receive the increase if their agency determines that they are eligible.

- Eligibility for the 1% increase and/or the one-time bonus are as follows:
  - Schedule B – All employees eligible
  - Schedule AA – Not eligible
  - Schedule AB – All employees eligible, unless prohibited by statutory limit in UCA§ 67-22-2
  - Schedule AC – Employees eligible; according to agency policy
  - Schedule AD – All employees eligible
  - Schedule AG – Employees eligible, according to agency policy
  - Schedule AH – Educators not eligible; other employees eligible according to agency policy
  - Schedule AN – Legislative branch will determine eligibility
  - Schedule AO – Judicial branch will determine eligibility
  - Schedule AP – Not eligible
  - Schedule AQ – Not eligible
  - Schedule AR – All employees eligible
  - Schedule AS – All employees eligible
  - Schedule AT – All employees eligible
  - Schedule AU – Not eligible
  - Schedule AW – All employees eligible
  - Schedule IN – Benefited employees eligible; agency will determine eligibility for Non-Benefited employees.
  - Schedule TL – Benefited employees eligible; agency will determine eligibility for Non-Benefited employees.

#### Discretionary Salary Increase

- 0.25% of the appropriated salary increase will be administered as discretionary funding for agencies.
- Discretionary funding is intended to allow agencies the flexibility to address hot spot issues such as compression, exceptional performance, recruitment and retention issues, or to resolve other areas of concern. Agency heads will determine what their agency's hot spot issues are and will allocate either base pay 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.
- Each agency will need to submit a plan for how they will be spending their portion of the 0.25% discretionary money to their HR Field Office no later than Friday, April 25, 2014. After the HR Field Office review, DHRM administration will review the plans for any red-flags and will then finalize the plans with the Governor's Office of Management & 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. DHRM Administration will attempt to automate as many of these

increases as they can. Please note that some increases may need to be manually entered by each affected agencies HR Field Office. All of the discretionary increases will be coded in HRE as **ASI-Discretionary FY 2015**.

**Important Discretionary Information:** The intent of discretionary money is to assist agencies with resolving hot spots and/or to reward performance. Additionally, agencies will have discretion to administer the increase at any time during FY2015. However, automated processing of the increase will not be available. Funding for discretionary increases was appropriated by line item. Administering discretionary increases in amounts exceeding these line item level appropriations could impact an agency's budget. Please consult with agency budget staff and if needed the Governor's Office of Management and Budget if your discretionary increase proposal requires the formal reallocation of funding between line items. Note that such action will require legislative approval.

Funding for the discretionary increase includes benefits costs if provided to base pay. Funding for benefits is not provided if the increase is administered as a one-time bonus.

#### Special Agency Specific Salary Adjustments

- Special agency-specific legislatively-approved salary adjustments were provided for certain agencies. DHRM administration will be coordinating with the HR Field Offices in these agencies to determine if adjustments can be automated and in what sequence the increases should take place. All of these special agency-specific legislatively-approved salary adjustments shall be coded in HRE as **ASI-Legislative Approval**.

#### Cost-of-Living Adjustments

Cost-of Living Adjustments (COLA's) were not approved for FY2015.

#### Market Comparability Adjustment

Market Comparability Adjustments (MCA's) were not approved for FY2015. Salary ranges were not authorized to be adjusted through an MCA.

#### Merit Increases

Merit increases were not approved for FY2015.

## **2. Retirement Changes**

#### H.B. 7- State Agency and Higher Education Compensation Appropriations

- Provides appropriations for a \$26 per pay period 401(k) match for state employee enrolled in the 401(k) program.
- Provides funding to the increase in the employer cost of retirement plans for all benefited state employees.

#### H.B. 126 – Retirement Amendments

- Allows a reemployed retiree to be considered as having completed the one-year separation requirement from a participating employer, if the retiree:
  - Suffered an injury while performing the duties of employment as a public safety service employee, which resulted in the inability to perform the duties of the employment.
  - Is reemployed with a different participating employer.

#### H.B. 194 – Public Safety Retirement Conversion Window

- Provides a conversion window between the Public Safety Contributory Retirement System and the Public Safety Noncontributory Retirement System beginning July 1, 2014 through December 31, 2014.

#### S.B. 28- Utah Retirement Amendments

- Eliminates the notarized requirement on the retirement application when submitted to URS.
- Clarifies that a governor, legislator, other full-time elected official, or employee with Tier I service credit with URS may only participate in another Tier I system or plan if employed on or after July 1, 2011.
- Clarifies that a qualifying employee must be receiving paid leave benefits that carry over from one year to the next to be eligible for the 401(k) matching program.

### **3. Medical, Dental, and Vision Insurance Changes**

- Health care premiums increased by 5.57% for all medical plans *except* Summit/Advantage STAR and Summit/Advantage Utah Basic Plus, which did not change (see table below).
- The HSA employer contribution increased as follows:
 

	<u>FY 2014</u>	<u>FY 2015</u>
○ The STAR plan		
▪ Single	\$750	\$ 791.96
▪ Double/Family	\$1500	\$1583.92
○ The Utah Basic Plus plan		
▪ Single:	\$1725	\$1821.30
▪ Double/Family:	\$3450	\$3642.60

  - The first half of the HSA contribution will be distributed by the end of July and the second half by the end of January 2015. *Note: these rates are prorated for new hires.*
  - Employees may change their employee HSA contribution anytime by logging into their *myPEHP* account and selecting the HSA election link.

- The new FSA regulations for the 2014-2015 plan year removes the FSA grace period, but adds a carryover provision as follows:
  - Employees who elect an FSA will be able to carry-over up to \$500 into the 2015-2016 plan year. The carryover amount is in addition to the \$2500 maximum contribution per plan year.
    - For the current 2013-2014 plan year only, the FSA grace period will still be in use. ***Your FSA money for the 2013-2014 plan year must be used by the end of the grace period September 15, 2014, or it will be forfeited.***
- Vision premiums have been reduced with the exception of the Opticare family plan, which had a slight increase. Additionally, both Eyemed and Opticare added an eyewear only plan, which offers employees an option to choose coverage for contacts and glasses only.
- Dental premiums for Traditional and Preferred single and double coverage decreased; family coverage increased slightly. Regence Expressions increased for single and family and decreased for the family plan.

#### Medical (Change in Employee Bi-weekly Premiums)

<b>Star: Summit &amp; Advantage</b>				
		<b>FY 2015</b>	<b>FY 2014</b>	<b>Increase/ Decrease</b>
	Single	\$ 0.00	\$ 0.00	\$ 0.00
	Double	\$ 0.00	\$ 0.00	\$ 0.00
	Family	\$ 0.00	\$ 0.00	\$ 0.00
<b>Star: Preferred Care</b>				
	Single	\$ 51.74	\$ 49.01	\$ 2.73
	Double	\$106.68	\$101.05	\$ 5.63
	Family	\$142.42	\$134.91	\$ 7.51
<b>Traditional: Summit &amp; Advantage</b>				
	Single	\$ 20.89	\$ 19.79	\$ 1.10
	Double	\$ 43.07	\$ 40.80	\$ 2.27
	Family	\$ 57.50	\$ 54.47	\$ 3.03
<b>Traditional: Preferred Care</b>				
	Single	\$ 86.94	\$ 82.35	\$ 4.59
	Double	\$ 179.24	\$ 169.79	\$ 9.45
	Family	\$ 239.28	\$ 226.66	\$ 12.62

<b>Utah Basic Plus: Summit/Advantage</b>				
	Single	\$ 0.00	\$ 0.00	\$ 0.00
	Double	\$ 0.00	\$ 0.00	\$ 0.00
	Family	\$ 0.00	\$ 0.00	\$ 0.00
<b>Utah Basic Plus: Preferred Care</b>				
	Single	\$ 41.41	\$ 39.23	\$ 2.18
	Double	\$ 85.39	\$ 80.88	\$ 4.51
	Family	\$ 113.98	\$ 107.98	\$ 6.00

**Dental** (Change in Employee Bi-weekly Premiums)

<b>Traditional</b>				
		<b>FY 2015</b>	<b>FY 2014</b>	<b>Increase/ Decrease</b>
	Single	\$ 2.46	\$ 4.07	\$ (1.61)
	Double	\$ 4.56	\$ 5.17	\$ (0.61)
	Family	\$ 8.31	\$ 7.49	\$ 0.82
<b>Preferred Choice</b>				
	Single	\$ 1.36	\$ 2.24	\$ (.88)
	Double	\$ 2.52	\$ 2.85	\$ (.33)
	Family	\$ 4.59	\$ 4.13	\$ .46
<b>Regence Expressions</b>				
	Single	\$ 12.07	\$ 4.34	\$ 7.73
	Double	\$ 18.21	\$ 15.66	\$ 2.55
	Family	\$ 17.77	\$ 22.50	\$ (4.73)

**Vision** (Change in Employee Bi-weekly Premiums)

<b>EyeMed – Full Vision Plan</b>				
		<b>FY 2015</b>	<b>FY 2014</b>	<b>Increase/ Decrease</b>
	Single	\$ 3.47	\$ 4.17	\$ (0.70)
	Double	\$ 5.68	\$ 7.01	\$ (1.33)
	Family	\$ 7.88	\$ 9.85	\$ (1.97)
<b>EyeMed – Eyeware ONLY Plan</b>				

	Single	\$ 2.99	NA	NA
	Double	\$ 4.76	NA	NA
	Family	\$ 6.54	NA	NA
<b>OptiCare - Full Vision Plan</b>				
	Single	\$ 3.83	\$ 4.15	\$ (0.32)
	Double	\$ 6.10	\$ 6.99	\$ (0.89)
	Family	\$ 9.04	\$ 8.99	\$ .05
<b>OptiCare - Eyewear ONLY Plan</b>				
	Single	\$ 2.94	NA	NA
	Double	\$ 4.46	NA	NA
	Family	\$ 6.29	NA	NA

\*\*\*New insurance rates are effective on pay period 13 (6/21/14)

#### **4. Salary Increase Administration Instructions to Agencies**

##### 1% General Increase

- DTS staff will automate the general increase according to the criteria provided in the Salary Increase Section 1 above. If agencies wish to provide the increase to non-benefited employees, there will be a tracking spreadsheet provided to identify those employees (see next bullet point).
- DHRM Administration staff will provide agency HR Field Offices' a tracking spreadsheet to identify non-benefited IN's/TL's that will receive the 1% general increase. This spreadsheet will be sent to agency HR Field Offices by Wednesday, April 9, 2014.

**Note: Benefited employees as outlined above will receive the General increase, so only non-benefited employees should be included on the spreadsheet.**

- DTS staff will only be able to automate non-benefited IN/TL's to org level. This means that if agencies would like to separate non-benefited IN/TL's from getting the increase within the same org, those increases will need to be entered manually by HR Field Office staff.
- By Friday, April 25, 2014, HR Field Offices will need to send back to the DHRM administration office the tracking report used to identify non-benefited IN's/TL's that will receive the 1% general increase. **It is critical that this spreadsheet is**

**returned to DHRM administration by April 25, 2014, because DHRM will use the eligible non-benefited employees in this report to generate the tracking log used for the discretionary increase (see 0.25% discretionary pay next section).**

- DHRM IT staff will automate the 1% increase for non-benefited IN's/TL's who they (DHRM IT staff) are informed on the tracking sheet from agency HR Field Offices that should receive an increase.
- DHRM IT staff will automate the 1% increase for non-benefited IN's/TL's as long as all non-benefited IN's/ TL's by org receive the increase. Exceptions to this will need to be manually entered by HR Field Office staff.

#### 0.25 % Discretionary Pay

- By Friday, April 25, 2014, each agency will be required to submit a plan on how the agency will be spending its' portion of the 0.25% Discretionary Increase. Agency Human Resource Managers should assist agencies in creating discretionary plans. Plans should be submitted to and reviewed by agency HR Field Offices. After agency HR Field Offices review plans, DHRM Administration will review and finalize each agency's plan in conjunction with the Governor's Office of Management and Budget.
- Once the discretionary plans are approved, DHRM Administration staff will provide agency HR Field Offices a tracking spreadsheet via "Google Drive" to identify eligible employees, the % and the rate that will be provided by EIN.
- Because the discretionary increase is processed last, DTS staff will need to know the **actual hourly rate** employees should receive after fiscal year end processing for employees who receive the discretionary increase only. This tracking sheet will be designed to help HR Field Offices calculate the correct rate that should be in place for the employee after all salary actions are processed on June 21, 2014. The tracking sheet will calculate the General Increase from the eligible employee's current rate, and then determine the correct hourly rate based off of the discretionary increase % that is provided by HR Field Office staff.
- The discretionary tracking sheet will be provided to HR Field Office staff by May 2, 2014. HR Field Office staff are expected to verify that the current hourly rate is correct for employees eligible for the discretionary increase and provide the % increase that will be funded to the affected employee. The spreadsheet will then calculate the final hourly rate for the employee. If the final hourly rate is not the expected final rate for the employee, HR Field Office staff will need to manually enter the rate on the tracking sheet. If only a bonus should be provided, there will be a field on the tracking sheet to enter the bonus amount.

DHRM Administration will attempt to automate as many of these increases as they can. Please note that some increases may need to be manually entered by each affected agency's HR Field Office.

- Discretionary tracking spreadsheets will need to be completed in "Google Drive" by Friday, May 30, 2014.
- The tracking sheet will be available in "Google Drive" and will need to be updated from May 2, 2014 until June 19, 2014 at 5pm with any salary action changes that occur with an employee who will receive the discretionary increase. While it is anticipated that this sheet will update automatically with new actions, It will be expected that anytime that there is an ePAR action or an onboarding New Hire action for an employee who is eligible for the discretionary increase, the HR Field Offices also verify and manually update this spreadsheet with the correct baseline salary data and the expected final hourly rate after fiscal year end processing. Incorrect baseline salary data may result in the wrong expected final hourly rate after fiscal year end processing has occurred. This is because DTS staff will only automate the hourly rate based upon what is showing in the tracking spreadsheet on June 19, 2014.

## **5. Coding and Sequence of Salary Actions**

### How Should Salary Actions be Coded?

**Important Note on Legislative Salary Action Coding:** DHRM may be providing reports to the Governor's Office, the Legislature, and agencies detailing how the agency-specific legislatively-approved funding, the general increase, and the discretionary funding were spent. It will be VERY critical that each individual employee's increase be coded with the correct reason code. 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.

1- The General Increase will be coded as "**General Increase**" by DTS staff; there will be no manual drop down available in HRE for HR Field Office staff to process the increase. If the adjustments need to be made after fiscal year end processing, agency HR Field Offices will need to work through ERIC and DTS staff to properly code the action as a "**General Increase.**"

2- The Discretionary Increase will be coded as "**ASI-Discretionary FY 2015**" by DTS staff; there will be no manual drop down available in HRE for HR Field Office staff to process the increase. If the adjustments need to be made after fiscal year end processing, agency HR Field Offices will need to work through

ERIC and DTS staff to properly code the action as an “**ASI-Discretionary FY 2015.**”

3- Agency-specific legislatively-approved salary increases should be coded as “**ASI-Legislative Approval**” and is available in HRE for manual entry. DHRM administration will be coordinating with the HR Field Offices in these agencies to determine if adjustments can be automated and in what date and sequence the increase should take place.

4- 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, etc. Please do not use the “**ASI-Legislative Approval**” 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.

#### Sequence of Actions Effective on June 21, 2014

Salary actions effective on June 21, 2014, will be processed according to the following sequence:

1. Longevity and Other Agency Salary Increases: (Manual Entry)
  - Salary increases such as longevity increases, promotional increases and regular ASI’s must be manually entered prior to 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 General Increase, Discretionary Increase, and special agency-specific legislatively-approved increases, are funded from existing agency budgets. There is no additional or separate funding.
  - Longevity salary increases should follow established DHRM rules for eligibility and should be processed by ERIC. 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 AB, IN, TL are not eligible for longevity increases.
2. 1.0 % General Increase (Automated Processing)
  - Eligible (see salary update section #1 above) employee base salary rates will be increased by 1%.

- Eligible employees who are at the maximum of the salary range, above the maximum or in longevity will receive a one-time bonus equivalent to the calculation of a 1% yearly salary increase. The calculation will be based on 2088 hours.
  - Non-Benefited employees determined eligible for the increase will be processed according to the spreadsheet returned to DHRM administration.
3. 0.25% Discretionary Increase (Automated Processing Where Possible)
- Employees determined eligible for the increase will be processed according to the “Google Drive” discretionary increase spreadsheet. This increase will be based on an anticipated final hourly rate that the agency has determined after all other increases have been processed.
  - The increase will process as the final sequence on June 21, 2014 unless otherwise instructed by the agency in the agencies discretionary plan that it should be processed on another date within FY 2015.
  - If an agency decides to process the increase on a date within FY 2015 other than June 21, 2014, automated processing will not be possible. The increases will need to be processed manually. Additionally, agency HR Field Offices will need to work through ERIC and DTS staff to properly code the action as an “**ASI-Discretionary FY 2015.**”

### One-Time Bonuses

- One-time bonuses whether as a result of the general or discretionary increase will be automated by the Division of Finance. DHRM will send Finance a spreadsheet containing all eligible employees and the amounts they are to receive. Bonuses paid at the beginning of FY2015, will be applied on the July 18, 2014 paycheck.
  - Late assignment and salary actions may affect the amount of a one-time bonus that has already been paid to employees; these errors must be corrected no later than December 12, 2014, in order for W-2's to be correct.
  - An employee who has received a one-time bonus in error or who receives more than they should have received will be required to reimburse the State for the overage no later than December 12, 2014.
  - An employee who should have received a one-time bonus, or received less than they should have, will have the bonus or the shortage paid to them only if the error is found prior to December 12, 2014.
  - Late assignment and salary actions processed after December 12, 2014, will not result in any correction to an error in the one-time bonus.

### 6. Fiscal Year End Dates

- The HRE system will be going down this year to process Fiscal Year End changes.
  - HRE will go down Friday, June 20, 2014, at 11:00 am
  - HRE will be back up Monday, June 23, 2014
- Thursday, June 19, 2014. All placement and onboarding actions and Tour 1 completion should be completed for new hires that start with the state on or before June 21, 2014. **Along with these actions, the “Google Drive” discretionary spreadsheet explained above should be updated if applicable.**

Note: New hires that will start with the state on or before June 21, 2014 must be in the HRE system before HRE Shutdown to avoid a delay in the salary increase processing. If employees don't complete tour 1 by the above deadline adjustments will need to be made manually by agency HR Field Offices via ePAR when the HRE system comes back up on Monday June 23, 2014.

- All ePAR actions entered by the HR Field Office staff must be submitted prior to 5pm on June 19, 2014. **Along with these actions, the “Google Drive” discretionary spreadsheet explained above should be updated if applicable.**
- All HRE actions for June 21, 2014, and earlier, **MUST** be entered and approved in HRE by the ERIC prior to June 20, 2014, at 11:00 am.

It is critical that all actions for June 21, 2014, are entered and approved prior to shut-down in order to correctly calculate the discretionary increase and one-time bonus as explained above. DHRM wants to ensure employees are in the correct job title *and* at the correct hourly rate by the time the system shuts down to avoid having to make multiple corrections.

- All ePARs entered with effective dates of June 21, 2014, and later will be DELETED. You will need to re-enter these actions when the system is back up on Monday, June 23, 2014.
- The first paycheck date for FY2015 will be on Friday, July 18, 2014. This paycheck represents 10 calendar days in FY2014 and 4 calendar days in FY 2015.
- Any special adjustments related to fiscal year end processing will need to be coordinated with the DHRM administration office before Wednesday May 16, 2014.