



The basic process of establishing personal services funding

- o Assume all positions are filled
- o Annualize other adjustments; pay plan, health insurance, etc.

Assumptions for all examples:

- o 1.0 FTE at \$20,000 base salary per year
- o Legislative pay plan equals 10 percent per year adjustment.

◆ Account for vacancies

\$10,000 for Clerical FTE (expended amount)
+10,000 Adjustment needed to fully fund personal services
 \$20,000

◆ Annualize for legislative pay plan:

\$20,000 (base salary) *(1.10)*(1.10) = \$24,200 Value of the position

This \$4,200 adjusts the salary by ten percent per year to annualize the pay plan, benefits will calculate off of the adjusted base salary.

◆ Effect of other adjustments – Upgrades, Broadband changes, settlements, etc.

\$20,000 base salary
+ 5,000 increase due to upgrade – becomes a supervisor
 \$25,000 new base salary
+ 5,250 annualizes pay plan by ten percent per year
 \$30,250 new base salary

This position requires a \$10,250 adjustment to account for upgrade and pay plan, benefits will calculate off of the adjusted base salary.

❖ Comparison to actual expenditures:

- o A \$10,000 personal services expenditure in FY 2006 is budgeted at \$30,250 for FY 08.

Getting to the cause of the statewide present law adjustment

In this example, both agencies have been unable to fill a position, but one agency has used the funds freed up due to the vacancy to pay overtime and a retirement payout.

Vacancies and Nonrecurring Base Year Expenditures					
Employee	Budgeted Salary/Ben	Base Year		2009 Biennium	
		Agency A	Agency B	Agency A	Agency B
Employee A	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Employee B	30,000	30,000	30,000	30,000	30,000
Employee C	30,000	0	0	30,000	30,000
Overtime	0	0	5,000	0	0
Retirement Payout	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
PS Budgeted/Actual	\$90,000	\$60,000	\$75,000	\$90,000	\$90,000
Percentage Increase				50.0%	20.0%
Dollar Increase				\$30,000	\$15,000

Even though the percentage and total dollar change are very different, both agencies have the same fundamental issue.

What is causing the vacancy?

How has the agency attempted to fill the position?

What impact has the vacancy had on the program's mission?

In this example, one agency has used the funds made available due to the vacancy not only to pay for overtime and a retirement benefit, but has also provided a market adjustment for two employees, making the difference in percentage increase even higher.

Vacancies, Nonrecurring Base Year Expenditures, Adjustments to Salaries					
Employee	Budgeted Salary/Ben	Base Year		2009 Biennium	
		Agency A	Agency B	Agency A	Agency B
Employee A	\$30,000	\$30,000	\$37,500	\$30,000	\$37,500
Employee B	30,000	30,000	37,500	30,000	37,500
Employee C	30,000	0	0	30,000	30,000
Overtime	0	0	5,000	0	0
Retirement Payout	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
PS Budgeted/Actual	\$90,000	\$60,000	\$90,000	\$90,000	\$105,000
Percentage Increase				50.0%	16.7%
Dollar Increase				\$30,000	\$15,000

Timing of Broadbanding Adjustments

Scenario A - No Vacancies	Agency A	Agency B
Market for Position	\$50,000	\$50,000
Base Year Percent of Market	100.0%	70.0%
Implemented When	FY 2002	FY 2007
Base Year Salary	\$50,000	\$35,000
Base Year Expenditures	\$50,000	\$35,000
New Percent of Market	100.0%	80.0%
2009 Biennium Salary	\$50,000	\$40,000
Percent Increase	0.0%	14.3%
Scenario B - Vacancies	Agency A	Agency B
Market for Position	\$50,000	\$50,000
Base Year Percent of Market	100.0%	70.0%
Implemented When	FY 2002	FY 2007
Base Year Salary	\$50,000	\$35,000
Base Year Expenditures	\$50,000	\$25,000
New Percent of Market	100.0%	80.0%
2009 Biennium Salary	\$50,000	\$40,000
Percent Increase	0.0%	60.0%

In this example, timing of the broadband pay adjustments means that an agency paying much higher salaries shows no increase, while an agency paying lower salaries shows a large increase.

Agency Savings Comparison

Impact of Vacancy Savings				
Base Budget	Budget	Base Expenditures	FY 2008 Budget	Percent Inc From Base
Total Salaries	\$100,000	\$96,000	\$100,000	
Vacancy Savings (4%)	<u>-4,000</u>	--	<u>0</u>	
Total	\$96,000	\$96,000	\$100,000	4.2%
Vacancy Savings (4%)	--	--	<u>-4,000</u>	
Total	\$96,000	\$96,000	\$96,000	0%



PERSONAL SERVICES QUESTIONS – 2007 SESSION

1. Has the agency implemented a broad band pay plan, agency-wide or for selected jobs? If so, when was it implemented and what were the estimated cost increases in the year of implementation? How were these costs funded (by holding vacant positions open, appropriations for other purposes that were unexpended, etc)?
2. At what percentage of market are new employees paid? How do employees progress to the market rate for their position? What is the agency's target percent of market? What is the agency average percent of market in FY 2006?
3. Did the agency have vacant positions for a significant portion (6 months or more) of FY 2006? If yes, how many and why were these vacant? How did the vacancies impact agency operations?
4. Did the agency have authorized pay exceptions for pay plan 60 positions? If yes, why?
5. Did the agency have authorized position upgrades or downgrades for pay plan 60 positions? If yes, why?
6. What challenges does the agency face in recruiting and retaining staff? What actions has the agency taken to address recruitment and retention issues? Is the agency competing with other state agencies or the public sector for staff?
7. Are agency staff members represented by collective bargaining units? How many of the agency staff are impacted by collective bargaining unit agreements? What provisions are included in bargaining unit agreements? How often are these agreements negotiated?