

VI. GENERAL FUND AND MISCELLANEOUS REVENUE FUND

A.2 Finances – General Fund Object Transfer

The Commission for Libraries was appropriated \$1,713,300 in the general fund for Personnel in FY2013. We projected approximately \$97,900 in salary savings, primarily from holding positions vacant to stay within our appropriation. With no across the board CEC (Change in Employee Compensation) recommended by the Governor for FY2014, the Management Team developed a plan for distributing salary savings using both bonuses and short-term merit that is consistent with the legislative intent language included in all agency appropriations bills:

The legislature finds that investing in state employee compensation should remain a high priority even in tough economic times, and therefore strongly encourages agency directors, institution executives and the Division of Financial Management to approve the use of salary savings to provide either one-time or ongoing merit increases for deserving employees, and also target employees who are below policy compensation. Such salary savings could result from turnover and attrition, or be the result of innovation and reorganization efforts that create savings. Such savings should be reinvested in employees. Agencies are cautioned to use one-time funding for one-time payments and ongoing funding for permanent pay increases.

As an agency, we are approximately 18% below the rate we should be paying our employees according to the Hay Plan adopted by the State. In theory, employees who are performing satisfactorily and have worked for the state for 5 years should be at the “policy rate” for their pay grade, 100% on a scale of 70% to 125%. Even though our average longevity is 11.9 years, our average pay is only 84.4% of policy.

To the extent that this policy gap can be addressed with one-time funds, the Management Team and Office Services Supervisor 2 developed a plan that includes the following scale:

Years of Service	Short term (480 hours) % of policy
0 – 2	80% (agency minimum)
3 - 5	83%
6 - 10	85%
11 – 15	90%
16 – 20	95%
21 – 25	100%
25 +	105% +

The plan also includes bonuses to recognize specific contributions to the agency's work. The plan will be submitted to the Division of Human Resources and the Division of Financial Management for approval.

With staff input we have developed a spending plan for the last two months of the state fiscal year. It includes distribution of salary savings and proceeding with expenditures that have been slowed or put on hold pending availability of funds.

To gain maximum flexibility in anticipation of year-end closing, I am requesting approval of an object transfer in order to move any unexpended personnel balances to operating and/or capital outlay, and to move any unexpended operating funds to capital outlay for priority equipment purchases prior to the end of FY2013.

Suggested motion: I move that the FY2013 state general fund appropriation be adjusted by transferring any unexpended personnel funds to operating and/or capital outlay, and transferring any unexpended funds in operating to capital outlay.

MSC _____