

VI. GENERAL FUND AND MISCELLANEOUS REVENUE FUND

A.2 Finances – FY2014 Object Transfers

GENERAL FUND

The Commission for Libraries was appropriated \$1,733,300 in the general fund for Personnel in FY2014. We projected approximately \$78,000 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 1977. According to the Hay Plan, 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%. As documented in the FY2015 Report on State Employee Compensation and Benefits, the Hay Plan has never been adequately funded. Even though our agency 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, which applies to both general and federal fund personnel, was submitted to the Division of Human Resources and the Division of Financial Management on April 10 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 FY2014.

Suggested motion: I move that the FY2014 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 _____

MISCELLANEOUS REVENUE FUND

Our annual state budget request includes an estimate of the total donated funds we will receive and expend in the state fiscal year. That estimate includes amounts for operating, capital, and trustee and benefit (T&B). Passage of our annual appropriation gives us spending authority for up to those amounts in each category, regardless of the actual amount received. The recent library donations to fund LearningExpress Library services through June 30, 2014 further increased the need for spending authority in operating.

As we approach the end of state fiscal year 2014, our donated funds will exceed our spending authority in operating. To gain maximum flexibility in anticipation of year-end closing, I am requesting approval of an object transfer in order to move any unexpended capital outlay balances, up to \$26,000, to operating prior to the end of FY2014.

Suggested motion: I move that the FY 2014 appropriation for the miscellaneous revenue fund be adjusted by transferring residual funds from capital outlay to operating.

MSC _____