

# Special Advisor

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Division of Human Resources



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Information for Human Resources and Business Risk Professionals in the Colorado State Personnel System

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## ***FINAL CHANGES FOR JULY 1 TOTAL COMPENSATION***

Great progress was made during this legislative session in terms of the total compensation picture beginning July 1, 2007. The figures reported in the April *Special Advisor* for salaries remain unchanged. However, there is more good news on benefits due to legislation that lowers the employee contribution for all enrolled in State medical plans.

### **Changes in Salaries**

Base Achievement pay consists of market salary increases by occupational group and a single uniform statewide percentage of 1.0% to recognize performance. Eligible permanent state personnel system employees will receive base-building salary increases, except those rated Level 1 (Needs Improvement). Achievement pay also includes a non-base payment of 2.0% to those rated at Level 4 (Outstanding) that must be re-earned each year. The following table shows changes to actual base salaries.

Occupational Group	Total Base Achievement pay Adjustment %
Enforcement & Protective Services	4.38
Troopers	7.70
Financial Services	3.57
Health Care Services	5.18
Labor, Trades, Crafts	3.57
Administrative Support & Related	3.77
Professional Services	4.48
Physical Sciences & Engineering	4.68
Teachers	4.48
<b>2.00% Non-base (lump sum) Achievement payment to Level 4</b>	

The simple way to calculate the new base salary is June 30 base x Total Base Achievement pay Adjustment % = new base salary, subject to range maximum. Final salary figures are rounded to whole dollars. Non-base payments are made by separate check. Remember, as of April 1, 2007, the State is using a 3-level rating system: Needs Improvement, Successful, and Exceptional.

We've received several questions on pro-rating achievement pay. Shelley Oxenreider explained the rules in great depth in her email of May 24<sup>th</sup>. If you did not receive that email or have questions on it, please call her at 303.866.2169.

As a reminder, employees in the Temporary Aide class will not be automatically given a pay adjustment. If an appointing authority desires to give a temporary employee an increase, departments or institutions will need to process those on an individual basis. It would be unusual for an appointing authority to request this.

Also, remember that SES employees have a stop pay date in CPPS when their current contract expires, so departments must enter a new stop pay date (end date) of 6/30/08 in CPPS when entering the new fiscal year contract salary amounts in CPPS. Otherwise, the system will prevent the employee from receiving any pay starting in July 2007.

At the end of this article, there is a detailed explanation of the proper treatment of employees pay under a temporary disciplinary pay reduction on July 1<sup>st</sup> when the pay adjustments are made. Because the CPPS system is unable to recognize those employees under this pay reduction, the system will automatically give them the base achievement pay increases. Therefore, departments and institutions will need to individually calculate and re-adjust that employee's pay after the system-wide changes have been made.

### **Changes to Pay Structure**

The official 2007-2008 compensation plan is available (in both pdf and EXCEL formats) at <http://www.colorado.gov/dpa/dhr/comp/salary.htm>. Statutory salary lid values have been adjusted: \$12,288 for medical classes, \$11,390 for senior executive service positions, and \$9,112 for all other classes.

We've received questions on the implementation of HB07-1373 (salary lids) and its implications for employees in classes affected by this statutory change. This change will not take effect until July 1, 2008. The key change is that each year, the salary lid amounts for the medical and non-medical (traditional) classes will be raised by the greater of either the employment cost index (ECI) percentage or the percentage increase in state general fund appropriations.

In recent years, the increase in general fund appropriations (approximately 6%) is greater than the ECI; therefore, under the new statutory language, these two lids would be raised by 6%, but not exceed their market maximum. Employees at or near these lids will continue to receive their appropriate occupational salary adjustments under the Achievement pay model. Starting July 2008, it is likely that the non-medical employees at or near the lid will receive the full amount of their Achievement pay, contrary to past years' limits, which held their annual salary adjustments down to lower percentages. DPA/DHR will publish further information next year before the change is implemented.

### ***Changes in Contributions to Benefits***

In addition to the increased State contributions in the Long Bill, another bill is further supplementing the cost of State medical premiums. Senate Bill 07-97 provided that some of the State's tobacco settlement funds will be used to reduce employee cost for medical insurance this coming year. The employer's contribution to all State medical plans and coverage tiers increased by \$2.26, which means a corresponding savings for employees enrolled in State medical plans. Employees enrolled in a non-State medical plan, such as a college or university plan, will not see this reduction. The following table reflects the new amounts.

<b>REVISED MEDICAL PREMIUMS FOR FY 2007-2008</b>						
<b>Plan</b>	<b>Tier</b>	<b>Total Premium</b>	<b>State Contribution</b>	<b>Original Employee Contribution</b>	<b>Tobacco Settlement Money</b>	<b>Adjusted Employee Contribution</b>
<b>PPO-1500</b>	Employee	\$ 318.96	\$ 283.58	\$ 35.38	\$2.26	\$ 33.12
	Employee + Spouse	\$ 695.86	\$ 488.92	\$ 206.94	\$2.26	\$ 204.68
	Employee + Child(ren)	\$ 570.22	\$ 440.58	\$ 129.64	\$2.26	\$ 127.38
	Ee + Sp + Child(ren)	\$ 915.70	\$ 661.70	\$ 254.00	\$2.26	\$ 251.74
<b>PPO-3000</b>	Employee	\$ 290.08	\$ 283.58	\$ 6.50	\$2.26	\$ 4.24
	Employee + Spouse	\$ 632.32	\$ 488.92	\$ 143.40	\$2.26	\$ 141.14
	Employee + Child(ren)	\$ 518.24	\$ 440.58	\$ 77.66	\$2.26	\$ 75.40
	Ee + Sp + Child(ren)	\$ 831.96	\$ 661.70	\$ 170.26	\$2.26	\$ 168.00
<b>PPO-H</b>	Employee	\$ 301.00	\$ 283.58	\$ 17.42	\$2.26	\$ 15.16
	Employee + Spouse	\$ 656.34	\$ 488.92	\$ 167.42	\$2.26	\$ 165.16
	Employee + Child(ren)	\$ 537.90	\$ 440.58	\$ 97.32	\$2.26	\$ 95.06
	Ee + Sp + Child(ren)	\$ 863.64	\$ 661.70	\$ 201.94	\$2.26	\$ 199.68
<b>INO-30</b>	Employee	\$ 539.76	\$ 283.58	\$ 256.18	\$2.26	\$ 253.92
	Employee + Spouse	\$ 1,181.64	\$ 488.92	\$ 692.72	\$2.26	\$ 690.46
	Employee + Child(ren)	\$ 967.68	\$ 440.58	\$ 527.10	\$2.26	\$ 524.84
	Ee + Sp + Child(ren)	\$ 1,556.04	\$ 661.70	\$ 894.34	\$2.26	\$ 892.08
<b>Kaiser HMO</b>	Employee	\$ 386.74	\$ 283.58	\$ 103.16	\$2.26	\$ 100.90
	Employee + Spouse	\$ 844.96	\$ 488.92	\$ 356.04	\$2.26	\$ 353.78
	Employee + Child(ren)	\$ 692.22	\$ 440.58	\$ 251.64	\$2.26	\$ 249.38
	Ee + Sp + Child(ren)	\$ 1,112.26	\$ 661.70	\$ 450.56	\$2.26	\$ 448.30
<b>SLVHMO</b>	Employee	\$ 344.84	\$ 283.58	\$ 61.26	\$2.26	\$ 59.00
	Employee + Spouse	\$ 752.80	\$ 488.92	\$ 263.88	\$2.26	\$ 261.62
	Employee + Child(ren)	\$ 616.80	\$ 440.58	\$ 176.22	\$2.26	\$ 173.96
	Ee + Sp + Child(ren)	\$ 990.76	\$ 661.70	\$ 329.06	\$2.26	\$ 326.80

***Please share this benefit information with all employees.***

### ***Application Of Achievement Pay For Employees Under Temporary Disciplinary Pay Reduction***

With the July implementation of the annual salary adjustments, the treatment of the pay of those few employees under a temporary disciplinary pay reduction will arise once more. Because of CPPS and other payroll system limitations, the system cannot identify those employees currently under a temporary disciplinary pay reduction. Therefore, the base pay of these few employees will be adjusted by the system the same as all other employees, primarily based on their occupational group. This means that each department or institution will need to go into CPPS or their own payroll system and individually correct the pay of these employees. In CPPS, any adjustments must be completed the week of July 9<sup>th</sup> so that the following payroll run will be accurate.

The following guidance and the examples shown in the updated *Technical Assistance – Using Open Ranges and Pay Management* are provided. These procedures should ensure consistent treatment for all employees under a temporary disciplinary pay reduction on July 1, 2007. This guidance supersedes that published in last year's September 2006 electronic *Advisor*. If after reading this guidance you still have questions, please send them to [don.fowler@state.co.us](mailto:don.fowler@state.co.us).

The overriding principle for managing these employees' pay adjustments is that the Achievement pay increases are based on the employee's March 31, 2007, final performance evaluation. This means that if the employee was rated as Needs Improvement, then they are not eligible for any base Achievement pay increase. Likewise, their base salary is not adjusted to the new minimum, per Director's Rule 3-8, until the disciplinary period ends.

These employees that were rated as Satisfactory or above will receive the appropriate percentages of achievement pay effective July 1<sup>st</sup> for both base and non-base building. Because the payroll system will automatically raise all employees' salaries to at least the new minimums, departments or institutions will have to manually remove this adjustment when necessary.

In both these two scenarios at the end of the disciplinary period of time, the employee's pay will be adjusted prospectively (not retroactive), to the amount as if the pay reduction had not occurred.