Insert Agency Letterhead

TO: Janelle White, DHR Administrator

 Alex Adams, DFM Administrator

FROM: Agency Head, Title

DATE: [insert date]

SUBJECT: FY 2025 Change in Employee Compensation (CEC) Proposal

In accordance with the Legislature’s approval to provide a 1% annual salary increase for each permanent employee, and an additional appropriated 2% to be distributed based on merit, as determined by agency directors, [Agency] formally requests review and approval of our proposed plan to distribute these funds within the parameters outlined by DHR and DFM.

**Compensation Policy**

The [AGENCY] Compensation Policy is attached and aligns with the statewide DHR policy.

*OR*

The [AGENCY] adopts and adheres to the statewide Compensation Policy.

**Effective Date of Implementation**

The effective date of this distribution plan will be June 9, 2024, to be paid on the July 5, 2024, pay date.

**FY 2025 – 1% Increase for Permanent Employees**

All permanent employees hired before the pay period beginning on April 14, 2024, will receive a 1% increase. Performance will not be a factor in these increases and all permanent [AGENCY] employees will be eligible regardless of their probationary status.

**FY 2025 – 2% Merit-Based Increase**

All classified and nonclassified permanent employees hired before the pay period beginning on April 14, 2024, will receive a 2% merit-based increase. Nonclassified employees have been assigned a pay grade based on the equivalent classified position and its pay grade, the respective policy rate, and performance rating.

*OR*

This distribution plan will be used to implement ongoing performance-based merit increases for eligible employees. Per the agency’s additional appropriation for [*other employees such as temps*], these employees are included in the matrix and meet the eligibility criteria.

Director’s Increase

Any salary increase for the [AGENCY] Director will be determined by the Governor. For budgetary purposes, we have estimated a 3% increase for the Director.

Eligibility

1. Employees who meet the following criteria are eligible for the 2% merit-based increase of [AGENCY]’s 2025 CEC distribution plan, up to the maximum of their pay grade:
* Hired as a permanent (classified or non-classified) employee before the pay period beginning on April 14, 2024.
* Have a performance appraisal rating of “Achieves Performance Standards” (APS) or higher that was completed within the past twelve (12) months and was not used for the prior CEC.
* Successfully completed the 2024 Cybersecurity Training and Respectful Workplace Training.
1. Employees on promotional probation are eligible for a CEC increase if all other eligibility criteria are met.
2. Employees currently on entrance probation as of April 14, 2024, will be eligible to receive a FY 2025 CEC merit increase upon successful completion of probation with a performance appraisal rating of Achieves Performance Standards (APS) or higher.

[Insert Agency Matrix – below is a sample**]**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Compa-Ratio** | **Does Not Achieve / Entrance Prob** | **Achieves** | **Solid Sustained** | **Exemplary** | **Total** |
| **100 – 150%** | 1.0% | X% | X% | X% |  |
| # ees | # ees | # ees | # ees | # ees / X% |
| **90 – 99.99%** | 1.0% | X% | X% | X% |  |
| # ees | # ees | # ees | # ees | # ees / X% |
| **75 – 89.99%** | 1.0% | X% | X% | X% |  |
| # ees | # ees | # ees | # ees | # ees / X% |
| **Total % of EEs** | X% | X% | X% | X% | 100% |
| **Total # of EEs** | # ees | # ees | # ees | # ees | Total [[1]](#footnote-1) |

**FY 2025 – Payline Shift**

Employees who are below the minimum of their applicable FY 2025 pay structure, after full implementation of the 1% and the 2%, will receive an increase to the minimum of their respective pay grade. [AGENCY] has [#] employees affected.

Attachments: Budget and Funding

**Budget**

[Complete the applicable budget matrices to show how your agency will cover each proposed salary action and the budget impact by fund.]

The [Agency] plans to fund all components as exhibited in the following tables:

|  |  |  |  |
| --- | --- | --- | --- |
| **CEC Plan Components\*** | **FY 2025 CEC Appropriation1**  | **Ongoing Salary Savings2** | **Cost to Implement3** |
| **1% CEC** |  $  |  $  |  $  |
| **Merit-based CEC** |  $  |  $  |  $  |
| **Payline Shifts** |  $  |  $  |  $  |
| **Total Salary Increase** |  |  |  |

**\*(FY 2025 CEC Appropriation) + (Ongoing Salary Savings) = (Cost to Implement).
The purpose of this chart is to show if new funding, ongoing savings, or a combination of both is being used to fund each component of the plan. CEC Plan components can be updated to reflect agency plan.**

**1**This is the amount of the CEC appropriation you are using for each component.

**2**This column will be zero unless implementation exceeds new FY 2025 appropriation.

**3**Total fully burdened annual cost (salary and variable benefits) to implement increases for each element of the plan and include all eligible employees – including estimates of those who will be implemented in the future.

**Funding**

**Estimated FY 2025 Personnel Budget after CEC by Fund**

**(Insert additional rows as needed)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Fund Number** | **Fund Type4** | **Total Est. PC Exp.5** | **Total PC Approp.** | **Est. Approp. Balance (Ongoing Savings)** | **Est. Cash Balance (DED Funds Only)** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

4Enter GEN, DED, FED.

**5**This is the fully burdened (salary, health benefits, and variable benefits) annual personnel expenditure estimate, assuming all intended positions are filled for the entire year, all components of CEC are implemented, and including any amounts anticipated for group positions.

1. This should equal the Agency FY24 FTP Appropriation plus temporary staff included if applicable – minus the number of vacancies. [↑](#footnote-ref-1)