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| BUDGET BULLETIN | D-1118 | March 20, 2006 |
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TO: ALL DEPARTMENT AND AGENCY HEADS

FROM: John F. Cape 

SUBJECT: April 1, 2006 General Salary Increase and 2006-07 Performance Advances, Merit Awards and Longevity Payments for Managerial and Confidential (M/C) Employees

This bulletin supersedes Budget Bulletin D-1116 and provides guidelines for the provision of pay increases to Managerial and Confidential (M/C) employees and other unrepresented employees.

These guidelines apply to executive branch agencies and to public benefit corporations funded in the Executive Budget and/or having governing boards with a majority of members appointed by the Governor. Commissioners whose salaries are statutorily set by Section 169 of the Executive Law are not eligible to receive the pay increases provided in this bulletin.

HIGHLIGHTS FOR 2006-07

- As authorized in Chapter 103 of the Laws of 2004, payment of a three percent (3.0%) general salary increase is expected to occur in the Institutional and Administrative paychecks dated April 27, 2006, and May 3, 2006, respectively.
- Payment of performance advances for eligible statutorily paid (graded) employees and non-statutorily paid employees in positions which have previously been equated to a salary grade is also expected to occur on April 27, 2006, or May 3, 2006, as authorized by Budget Policy and Reporting Manual (BPRM) Item D-280.
- These payments will not be subject to a salary cap. The Office of the State Comptroller will issue a payroll bulletin detailing further procedures for processing such payments.

2006-07 M/C PERFORMANCE ADVANCES

Statutory (Graded) and Non-Statutory "Equated to Grade" Positions

Performance advances for statutorily paid and non-statutorily paid employees will automatically be provided to M/C employees having a salary which is in an approved salary range (i.e., graded or equated to a salary grade). Such performance advances will be paid in increments of one-sixth of the applicable salary range; however, an advance may not cause a salary to exceed the job rate of the position. Division of the Budget line examination unit approval is not required (i.e., no plan submission) to process 2006-07 performance advance payments for M/C employees in these positions.

M-8 & All Other M/C NS Performance Advance Plans

Performance advances may also be provided to M-8 and M/C non-statutorily paid employees in positions having a salary which is in an approved non-equated (discretionary) salary range. Flat-salaried employees (when no salary range exists) or employees with a salary outside the boundaries of an approved salary range are not eligible to receive a performance advance.

To facilitate the payment of performance advances to M-8 and M/C non-statutorily paid employees, agencies are required to submit NS performance advance plans for DOB line examination unit approval in the electronic format as specified in Attachment A. DOB approved copies of such performance advance plans are required by the Office of the State Comptroller (OSC) to provide the necessary authorization for such payments.

NS performance advance plans should reflect the M-8 and M/C NS salaries and salary ranges which are in effect as of April 1, 2006, post application of the 3.0 percent general salary increase. Any salary adjustments made pursuant to Budget Bulletin D-1117 should be in effect prior to submission of this year's plan.

The plans should not be used to make any substantive changes or adjustments to salaries or ranges (i.e., Budget Director Approval form type actions). The DOB line examination units' primary approval role in processing these plans is to **certify that the April 1, 2006 salaries and ranges are accurate**; not the discretionary approval/denial of individual employee advances.

Attachment A provides the proper format for the M-8 and M/C NS performance advance plan submissions. **NS employees in equated to grade positions should not be included on the M-8 and M/C NS performance plans.** However, the plans should reflect a comprehensive listing of all annual salaried M-8 and M/C NS non-equated employees (i.e., filled, vacant, exempt, non-competitive, competitive, flat-salaried) regardless of performance advance eligibility, and must list for each position:

- Item Number
- Employee Name (Last, first)
- Title

- Salary in effect 3/31/06 (after all retroactive payments but prior to application of the 3.0 percent raise)
- Salary in effect 4/1/06 (following application of the 3.0 percent raise)
- Hiring Rate and Job Rate in effect 4/1/06 (following application of this year's 3.0 percent raise)
- Proposed Advance, if applicable (one-sixth of range, not to exceed job rate)
- Proposed New Salary in effect (after application of Advance)
- 13 Pay Periods of Performance Advance eligible service - Yes/No
- Advance Eligible - Yes/No
- Comments

Agencies should submit M-8 and M/C NS performance advance plans as soon as possible, but no later than **Friday, April 28, 2006**, to provide eligible employees timely performance advances.

2006-07 MERIT AWARDS AND LONGEVITY PAYMENTS

The 2006-07 merit awards and longevity payments for M/C employees will be paid pursuant to the guidelines provided by BPRM Item D-280. DOB approval is not required to process cash merit awards, non-cash merit awards and longevity payments. Total cash merit award payments remain limited by agency spending allotments. Merit awards may be provided to any M/C employee who served as an M/C employee during any portion of the 2005-06 SFY, or who is serving during any portion of the 2006-07 SFY.

Cash Merit Awards: At agency discretion and subject to overall agency spending allotments, all M/C employees are eligible to receive lump-sum cash merit awards of up to 5.0 percent of their annual salary during a given State fiscal year.

Non-Cash Merit Awards: At agency discretion and subject to overall agency spending allotments, all M/C employees are eligible to receive non-cash merit awards of up to \$75 in value during a given State fiscal year. Pursuant to section 7.D of BPRM Item D-280, if non-cash merit awards are provided to employees, agencies are required to submit annual reports summarizing non-cash merit award actions to the Governor's Office of Employee Relations, with a copy to the Budget Division's Budget Services Unit - Labor Relations Section.

Agencies should contact their budget examiners for their respective cash merit award and non-cash merit award spending allotments for 2006-07.

Longevity Payments: M/C employees at or below the grade 17 level are eligible for longevity payments. Those eligible employees with at least 5, but less than 10, years of continuous service at the job rate, whose basic annual salary is less than \$750 above the job rate, will receive a salary increase of \$750. Those eligible employees with 10 or more years of continuous service at the job rate, whose basic annual salary is less than \$1,500 above the job rate, will receive a salary increase to the job rate plus \$1,500. Eligible employees will receive such payments on the first day of the pay period following the anniversary date on which the required service is attained.

AGENCY WITHHOLDING RECOMMENDATIONS

Section 15 of Part B of Chapter 103 of the Laws of 2004 authorizes the Director of Budget to withhold the April 1, 2006 general salary increase and performance advances and longevity payments in certain circumstances, including: 1) to reflect the job performance of an employee; 2) to maintain appropriate salary relationships; 3) to reduce State expenditures to acceptable levels; or 4) when, in the opinion of the Director of the Budget, such increase is not warranted or is not appropriate.

Accordingly, Agency Heads may recommend individual withholdings of such payments to any employee based upon the above criteria, particularly the employee job performance criteria. Such recommendations must be fully justified in writing (cover-letter) and submitted to your budget examiner with the attached withholding form ([Attachment B](#)).

Deadlines

Due to extremely tight time frames, agencies must submit written withholding recommendations of the April 1, 2006 general salary and 2006-07 performance advances and longevity payments for all M/C employees by **April 6, 2006**.

If approved, agency recommendations to withhold **performance advances** from M-8 and M/C NS non-equated employees should also be reflected in the performance advance plan submission.

Questions concerning this bulletin or its attachments should be directed to your budget examiner.

Attachments