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BUDGET BULLETIN	D-1107	March 22, 2002
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TO: ALL DEPARTMENT AND AGENCY HEADS

FROM: Carole E. Stone *CES*

SUBJECT: April 1, 2002 General Salary Increases and 2002-2003 Performance Advances, Merit Awards and Longevity Payments for Managerial or Confidential (M/C) Employees

This Bulletin supersedes Budget Bulletin D-1105 (issued March 27, 2001) and provides guidance on the payment of 2002-03 general salary increases, performance advances, merit awards and longevity payments to all Managerial or Confidential (M/C) employees and certain other unrepresented employees. Budget Policy and Reporting Manual (BPRM) Item D-280 (revised today) provides comprehensive guidelines on the payment of M/C performance advances, cash merit awards, non-cash merit awards and longevity payments to all M/C employees.

These guidelines apply to executive branch agencies and to public benefit corporations funded in the Executive Budget.

In summary, general salary increases, performance advances, merit awards and longevity payments will be paid to most MC employees effective April 1. However, in light of the State's current fiscal situation, general salary increases and performance advances will not be made to employees earning \$75,000 or more annually who are serving in: (i) non-statutorily paid (i.e., not graded) positions regardless of jurisdictional class; or, (ii) statutorily paid (i.e., graded) non-competitive class positions which have been designated by the Civil Service Commission as policy influencing or confidential in nature.

GENERAL SALARY INCREASES

Chapter 68 of the Laws of 2000 authorizes a general salary increase of three and one-half percent (3.5 percent) effective April 1, 2002 for M/C employees and other unrepresented employees.

In general, eligible M/C employees will receive the general salary increase as soon as possible, subject to the maximum salary limitation policy described below. As in the past, the Office of the State Comptroller will issue a payroll bulletin detailing processing requirements related to the general salary increase.

2002-2003 PERFORMANCE ADVANCES

Performance advances shall be paid pursuant to BPRM item D-280, subject to the maximum salary limitation policy described below. Such advances shall be automatically paid to all eligible graded M/C employees. Division of the Budget line examination approval is not required to process April 1, 2002 performance advance payments for M/C employees in statutorily paid (i.e., graded) positions. Performance advances shall also be paid, pursuant to DOB approved non-statutory (NS) performance advance plans, to all eligible non-statutorily paid M/C employees having a salary which is within a previously approved salary range or equated grade range.

Performance advances shall be paid in increments of one-sixth of the applicable salary range; however, such advances shall not cause a salary to exceed the job rate, the maximum of such range, or the salary cap, if applicable.

2002-2003 M/C NS PERFORMANCE ADVANCE PLANS

To facilitate payment of performance advances to M/C employees in NS positions, agencies are required to submit NS performance advance plans for DOB line examination unit approval. NS performance advance plans should reflect the NS salaries and salary ranges which are in effect as of April 1, 2002, just after application of the April 1, 2002 3.5 percent general salary increase. NS performance advance plans should not be used to make any substantive changes or adjustments to salaries or ranges. Such discretionary actions should be requested via separate Budget Director Approval (BDA) forms. The DOB line examination units' primary approval role in processing NS performance advance plans is to **certify that the April 1, 2002 salaries and ranges are accurate**, not the discretionary approval/denial of individual employee advances.

Attachment A provides the proper format for NS performance advance plan submissions. NS positions in all jurisdictional classes must be included on such plans (i.e., exempt, non-competitive, competitive, etc.). NS performance advance plans should reflect a comprehensive listing of all annual-salaried M/C NS positions (filled and vacant) in an agency, regardless of performance advance eligibility, and must list for each position:

- Item Number
- Employee Name
- Title
- Salary in effect 3/31/02 (prior to application of the 3.5 percent raise)
- Salary in effect 4/01/02 (immediately following application of the 3.5 percent raise)
- Equated Grade in effect 4/01/02 (immediately following application of the 3.5 percent raise)
- Hiring Rate in effect 4/01/02 (immediately following application of the 3.5 percent raise)
- Job Rate in effect 4/01/02 (immediately following application of the 3.5 percent raise)
- Proposed Advance, if applicable (one-sixth of range, not to exceed job rate)
- Proposed New Salary in effect 4/1/01 (after application of Performance Advance)

- 13 Pay Periods of Performance Advance eligible service - Yes/No
- Advance Eligible - Yes/No
- Comments

DOB approved copies of agency NS performance advance plans are required by the Office of the State Comptroller (OSC) to provide the necessary authorization for payments of April 1, 2002 performance advances to NS employees.

Agencies should submit NS performance advance plans as soon as possible, but no later than May 17, 2002, to provide eligible employees timely performance advances.

2002-2003 MERIT AWARDS AND LONGEVITY PAYMENTS

The 2002-2003 merit awards and longevity payments for M/C employees shall be paid pursuant to the guidelines provided by BPRM Item D-280. Merit awards and longevity payments are not subject to the maximum salary limitation policy described below, however, cash merit award payments remain limited by agency spending allotments. DOB approval is not required to process cash merit awards, non-cash merit awards and longevity payments. Merit awards may be provided to M/C employees who were serving as M/C employees during any portion of the 2001-2002 SFY, or who are serving during any portion of the 2002-2003 SFY. Additionally, merit awards may be provided to individuals who have left M/C service during either year.

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 3.5 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 2002-2003.

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, shall 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, shall receive a salary increase to the job rate plus \$1,500. Eligible employees shall receive such payments on the first day of the pay period following the anniversary date on which the required service is attained.

MAXIMUM SALARY LIMITATION (SALARY CAP)

Effective April 1, 2002, a maximum salary cap of \$75,000 is in effect for certain M/C employees. Specifically, M/C employees who are in non-statutorily paid (i.e., not graded) positions regardless of jurisdictional class, or in statutorily paid (i.e., graded) non-competitive jurisdictional class positions that the Civil Service Commission has designated as policy influencing or confidential (i.e., having a "Phi" designation) are subject to the cap. **The \$75,000 salary cap is applicable to and shall limit salary adjustments that would result from application of the general salary increase or the payment of a performance advance.** Affected M/C employees currently earning below \$75,000, whose salaries would be increased beyond the salary cap as a result of the general salary increase and/or a performance advance, will be eligible for a partial general salary increase and/or performance advance to the extent that the sum of such increases and the current salary does not exceed \$75,000.

The Office of the State Comptroller (OSC) will centrally implement this capping policy, beginning with administrative paychecks payable on April 24, 2002. Agency NS performance advance plans must illustrate the implementation of this policy on general salary increases and performance advances for all NS positions depicted on such plans.

Waivers From the Salary Cap

On an exception basis, Agency Heads may request waivers, subject to Budget Director approval, to these salary limitation guidelines if they believe unique circumstances warrant adjustments. Agency Heads must submit formal written waiver requests to their Budget Examination Unit. To the extent that waiver requests are approved after the application of the cap in the payroll system, Budget Director's Approval (BDA) forms should be used to implement approved salary adjustments retroactive to March 28, 2001.

WITHHOLDING OF GENERAL SALARY INCREASES OR PERFORMANCE ADVANCES

Chapter 68 of the Laws of 2000 and/or Budget Policy and Reporting Manual Item D-280 authorize the Director of the Budget to withhold the general salary increase and a performance advance from any individual M/C employee in certain circumstances. These circumstances include unsatisfactory employee job performance or, when in the opinion of the Director of the Budget, the salary increase is not warranted or is not appropriate, and the salary of the employee is set at the discretion of the appointing authority. In addition to the overall salary capping policy described above, Agency Heads may recommend individual withholdings of the general salary increase and/or performance advances, provided such recommendations are fully justified in a manner consistent with the above criteria.

Withholding recommendations must be submitted to budget examination units on the attached withholding form (**Attachment B**), with a cover letter providing an explanation of the circumstances that warrant the withholding.

Deadlines

- Agency recommendations to withhold **general salary increases** or **performance advances** from individual **graded** M/C employees must be submitted to line examination units **by Tuesday, April 2, 2002.**
- Agency recommendations to withhold the **general salary increase** from individual **NS** M/C employees must be submitted to line examination units **by Tuesday, April 2, 2002.**
- Agency recommendations to withhold **performance advances** from individual **NS** M/C employees must be submitted to line examination units **in conjunction with the submission of M/C NS performance advance plans** and may be processed after April 2, 2002.

Please refer to the Comptroller's payroll bulletin on this topic for specific instructions on the processing of Budget Director-approved general salary increase or performance advance withholdings.

Any questions on this Bulletin should be directed to your budget examiner.

M/C NS 2002-03 PERFORMANCE ADVANCE PLAN

For Payment of 4/01/02 M/C NS Performance Advances

AGENCY NAME: _____

DATE SUBMITTED: _____

AGENCY CODE: _____

ITEM NUMBER	EMPLOYEE NAME	TITLE	OLD SALARY IN EFFECT 3/31/2002	NEW SALARY IN EFFECT 4/1/2002 <i>(Includes 3.5% General Salary Increase)</i>	NEW SALARY RANGE IN EFFECT 4/01/02 <i>(Includes 3.5% General Salary Increase)</i>			PROPOSED ADVANCE (1/6th of SALARY RANGE)	PROPOSED NEW SALARY WITH ADVANCE	SERVED AT LEAST 13 PAY PERIODS IN SFY 2001-02 (Y/N)	ADVANCE ELIGIBLE (Y/N)	COMMENTS	
					GRADE EQUATION (IF APPLICABLE)	HIRING RATE	JOB RATE						SALARY RANGE
00001	Employee A	Special Assistant to Commissioner	\$111,111	\$115,000	N/A	\$103,000	\$133,280	\$30,280	\$5,047	\$120,047	YES	YES	Employee's current salary is within the salary range established for the position, and the increase resulting from the advance would not result in the employee having a salary greater than the job rate established for the position.
00002	Employee B	Special Assistant to Commissioner	\$118,000	\$122,130	M-6	\$96,576	\$121,663	\$25,087	\$0	\$122,130	YES	NO	Since the employee's salary is already at or above the job rate, the employee is not eligible to receive a performance advance.
00003	Employee C	Project Associate	\$63,000	\$65,205	SG-23	\$53,129	\$66,565	\$13,436	\$1,360	\$66,565	YES	PARTIAL	The full advance would result in the employee having a salary above the job rate; therefore, only a partial advance may be provided.
00004	Employee D	Project Assistant	\$60,000	\$62,100	SG-23	\$53,129	\$66,565	\$13,436	\$0	\$62,100	NO	NO	New employee. Otherwise eligible employees who have not completed at least 13 full pay periods of creditable service during the period April 1, 2000 to March 31, 2001 are not eligible receive a performance advance.
00005	Employee E	Project Assistant	\$43,478	\$45,000	SG-23	\$53,129	\$66,565	\$13,436	\$0	\$45,000	YES	NO	Employee's current salary is outside (below) the salary range established for the position. Accordingly, the employee is considered to have a flat salary without a range, and is therefore not eligible to receive a performance advance.
00006	Employee F	Project Associate	\$48,309	\$50,000	N/A	\$50,000	\$50,000	\$0	\$0	\$50,000	YES	NO	The employee has a flat salary (no salary range). Positions without salary ranges are not eligible to receive performance advances.
00007	Employee G	Project Associate	\$53,140	\$55,000	SG-23	\$53,129	\$66,565	\$13,436	\$10,000 (ERROR)	\$65,000 (ERROR)	YES	YES, but not at the requested amount.	The requested advance of \$10,000 would exceed the standard advance amount of 1/6th of the employee's salary range. Discretionary salary increases may not be effectuated via this plan, such salary increases must be approved via BDA.
00008	Employee H	Project Director	\$101,449	\$105,000	M-8	\$100,000	\$120,000	\$20,000	\$0	\$105,000	YES	*** NO, Performance Advance has been Withheld	M-8 positions may be advance eligible within salary ranges established via BDA. However, in this example, a withholding of the advance has been approved by the Budget Director and therefore no advance is proposed.

NOTES:

- Under the 2002-03 maximum salary limitation policy (\$75,000), employees A, B, and H would be prohibited from receiving a general salary increase or performance advance, which should be demonstrated in the mathematical presentation and explained in the comments column.
- DOB approved withholdings of general salary increases or performance advances should be demonstrated in the mathematical presentation and explained in the comments column.
- This plan must include ALL (filled and vacant) M/C NS positions in all jurisdictional classes, regardless of performance advance eligibility.
- The 4/01/02 salaries and salary ranges presented in this plan must be reflected post payment of the 3.5% general salary increase.

These entries must be corrected prior to approval of the plan

Carole E. Stone
Director

BY _____
Chief Budget Examiner

DATE _____

**BUDGET BULLETIN #D-1107
RECOMMENDED WITHHOLDING OF
M/C GENERAL SALARY INCREASES AND/OR
PERFORMANCE ADVANCES**

MAXIMUM SALARIES ESTABLISHED BY THE DIRECTOR OF THE BUDGET
PURSUANT TO CHAPTER 68 OF THE LAWS OF 2000 AND
BUDGET POLICY AND REPORTING MANUAL ITEM D-280

AGENCY NAME: _____

DATE SUBMITTED: _____

PAYROLL AGENCY CODE: _____

Social Security Number	Item Number	Employee Name	Position Title	3/31/01 Current Salary	4/1/02 3.5% General Salary Increase	Recommended Withholding of 4/1/02 3.5% General Salary Increase *	4/1/02 Performance Advance Increment	Recommended Withholding of 4/1/02 Performance Advance Increment **	Agency Recommended Final 4/1/02 Salary	Agency Recommended Total Amount To Be Withheld	Comments
Example 1	XXXXX	YYYYY YYYYY	ZZZZZZZZZZZZ	\$50,000	\$1,750	(\$1,750)	\$2,000	\$0	\$52,000	(\$1,750)	Provide performance advance, but withhold general salary increase
Example 2	XXXXX	YYYYY YYYYY	ZZZZZZZZZZZZ	\$50,000	\$1,750	\$0	\$2,000	(\$2,000)	\$51,750	(\$2,000)	Provide general salary increase, but withhold performance advance
Example 3	XXXXX	YYYYY YYYYY	ZZZZZZZZZZZZ	\$50,000	\$1,750	(\$1,750)	\$2,000	(\$2,000)	\$50,000	(\$3,750)	Withhold both performance advance and general salary increase

* General Salary Increase withholds must be submitted to DOB by April 2, 2002.

** Performance Advance withholds must be submitted to DOB by (see Bulletin body for deadlines).