

# Calculating Pay Plan Reserve Requests

[GS 143C-4-9](#) established the Pay Plan Reserve to assist agencies in funding statutory and experience-based salary schedule pay expenses on an as-needed basis. Per [SL 2023-134, Section 39.19](#), this job aid details the process that agencies will use to verify their need from the Pay Plan Reserve to OSBM.

## 1) Assemble Data on Pay Plan Employees

Agency HR staff must compile the following information for employees subject to the Pay Plan, and send it to agency budget staff:

- Personnel Number
- Position Number
- Budget Fund
- Salary as of July 1, 2023, after Legislative Increase (LI)
- Salary after Adjustment for Step Increase
- Anniversary Date (e.g., date hired in pay plan position, date sworn-in, etc.)
- Month to Receive Step Increase

## 2) Determine Total Amount of Step Increase

The value of the step increase is equal to the cost of the pay plan in the current year (FY 2023-24) with positions at their new step minus the cost of pay plan in the current year (FY2023-24) with positions at their prior step.

Agency budget staff will calculate the total funding required to support all step increases, including benefits (FICA, retirement, longevity), within a budget fund.

### Calculation

**Step Increase Amount** = Salary and benefits after Adjustment for Step increase – Salary as of July 1 after LI

## 3) Determine Salary Needed for Remaining Step Increases

To calculate salary needed for remaining step increases in a fiscal year, run the **B0149: Position by Funding Source** report in BEACON/Fiori Business Objects. This report provides a list of employee salaries 'as of' a particular month and year. Subtract these salaries from the "Salary after Adjustment for Step" to determine the "Estimated Salary Needed for Remaining Step Increases."

### Calculation

**Estimated Salary Needed for Remaining Step Increases** = Salaries after Adjustment for Step – B0149 Employee Salaries

If the calculation yields zero, this employee did not experience a step increase and will not require additional funds. If the calculation yields a dollar amount, this is the amount required to support the step increase in the new fiscal year or “Estimated Salary Needed for Remaining Step Increases.”

#### 4) Determining Available Salary Reserves

Agency staff will also verify the salary reserves within a budget fund, as available reserves will offset the amount requested from the Pay Plan Reserve.

To determine a budget fund’s available salary reserves, agencies must access the IBIS Salary Control module. First, select the relevant agency. Second, select the previous fiscal year. Third, review by budget fund. This will display the balance of salary reserves as of the end of the previous fiscal year.

Finally, using the same parameters, review salary reserve balances at the time of analysis to determine current reserve levels.

#### 5) Determine Amount of Salary Reserves Allowed to Retain Non-Pay Plan FTE within the Same Budget Fund as Pay Plan FTE (if applicable)

If the agency has non-Pay Plan employees in the same budget fund as Pay Plan employees, it must also calculate the amount of salary reserve to retain for those non-Pay Plan employees.

To do this, run the **B0149: Positions by Funding Source report** and export this data to Excel. Summarize Position Number, Position Title, Sum of FTE, and Sum of Budgeted Salary in a pivot table.

Use the pivot table to determine the total budgeted salary for non-Pay Plan employees as well as Pay Plan employees. Calculate what percentage non-Pay Plan employees are of that total budgeted salary amount.

Lastly, multiply the salary reserves at the start of the fiscal year by that percentage to determine the amount of salary reserves to retain for non-Pay Plan employees.

#### **Calculations**

**Total Budgeted Salaries** = Salaries of Non-Pay Plan FTE + Salaries of Pay Plan FTE

**Percentage Non-Pay Plan Salaries** = Salaries of Non-Pay Plan FTE / Total Budgeted Salaries

**Salary Reserve Eligible to Retain** = Percentage Non-Pay Plan Salaries x Salary Reserve at Start of FY

## 6) Determine Total Amount of Pay Plan Reserve Request

To determine the **total amount in the Pay Plan Reserve request**, add together the salary reserves in the budget fund (as of time of analysis) and (if applicable) the amount to retain for non-Pay Plan employees.

Subtract this total from the **Estimated Salary Needed for Remaining Step Increases** to get the **Total Salary needed from the Pay Plan Reserve**.

Calculate the fringe costs by multiplying the retirement and social security rates by the **Total Salary needed from the Pay Plan Reserve**.

S.L. 2023-134 appropriated a non-recurring retirement supplement for FY 2023-24. Therefore, agencies must use the total retirement rate (R+NR) for year 1 (Column D in the table below) but only use the recurring retirement rate for year 2 (Column C in the table below).

Finally, add the total salary amount with the total fringe benefits costs to get the total amount of the pay plan reserve request.

### Calculations

**Salary from Pay Plan Reserve** = Estimated Salary Needed for Remaining Step Increases - (Salary Reserve in Budget Fund + Salary Reserve Retained for Non-Pay Plan FTE)

**Social Security** = Total Salary Needed from Pay Plan Reserve x 7.65%

**Retirement Year 1** = Total Salary from Pay Plan Reserve x Column D

**Retirement Recurring Year 2** = Total Salary from Pay Plan Reserve x Column C

**Total Pay Plan Reserve Request** = Total Salary Needed + Fringe Benefit Cost

A	B	C	D	E	F
System	FY 2022-23 Recurring Rate	FY2023-24 Recurring Rate	FY 2023-24 Total Rate (R+NR)	FY 2023-24 Recurring Change	FY 2023-24 Non-recurring Change
TSERS	22.94%	23.82%	25.02%	0.88%	1.20%
LEO	27.94%	28.82%	30.02%	0.88%	1.20%
CJRS	43.63%	39.98%	42.42%	-3.65%	2.44%
ORP	13.56%	13.96%	14.09%	0.40%	0.13%
LRS	28.67%	25.75%	27.79%	-2.92%	2.04%

*Note: Columns E and F are used for calculations, the remaining columns are included for informational purposes only.*

**Documentation for OSBM**

Agencies should provide appropriate documentation to their OSBM Budget Execution Analyst with any Pay Plan Reserve request. This includes any relevant data and calculations, including a summary of the request in the following format.

Budget Fund	Salary Reserve as of MM/DD/YYYY	Salary Amount Needed for Already Implemented Step Increases	Salary Reserve Balance (June 30, prior SFY)	Salary Reserve Retained for Non-Pay Plan FTE (if applicable)	Estimated Salary Needed for Remaining Step Increases	Salary from Pay Plan Reserve	Social Security	Retirement	Total Pay Plan Reserve Request
1XXXXX	\$0	\$45,374	\$45,374	\$11,986.00	\$81,028	\$93,014	\$7,116	\$22,974	\$123,104
1YYYYY	(\$252,980)	\$1,547,778	\$1,294,798	\$0	\$357,227	\$610,207	\$46,681	\$150,721	\$807,609
1ZZZZZ	\$63,397	\$125,524	\$188,921	\$73,427.00	\$177,701	\$187,731	\$14,361	\$46,370	\$248,462