

Distribution of Compensation & Benefits Reserves - Job Aid FY 2021-22

Overview of Legislative Salary & Benefits Increases Process

In the first year of the biennium, S.L. 2021-180 appropriated funds for increased benefit costs and provided legislatively mandated salary increases (LI) for eligible State employees. You can find a copy of the certification instructions at this [link \(item # 10\)](#).

At the beginning of the biennium, agencies certified LI and benefit appropriations into the following statewide NCAS agency reserve accounts:

Certification: Statewide NCAS Accounts:

537204 Reserve - Legislative Increase Compensation Reserve (Regular LI)

537206 Reserve - State Retirement System Contributions

537208 Reserve - State Health Plan

Once your agency has completed your FY 2021-22 certification process, please submit type-11 budget revisions to distribute funds from these agency reserves to the appropriate salary and benefits line items within impacted funds.

General Guidelines:

- State agencies must use the calculation methods prescribed in this job aid.
- Agency reserves may **not** be used to offset **pre-existing** deficits (i.e., shore up benefits).
- FY 2021-22 and FY 2022-23 requirements should be the same. Subsequent adjustments needed for FY 2022-23 will be made next fiscal year
- With OSBM approval, agencies may use excess funds from one agency reserve account to offset a deficit in another agency reserve account.
- Agency reserves must be depleted before requesting funds from the **Salary Adjustments Compensation Increase Reserve, Budget Code 19004**.
- Agencies should be finished with realigning LI and Benefits by February 28, 2022. Excess LI and Benefits should be sent to OSBM budget code 19004 by February 11, 2022. Any agency LI and benefit shortages that require a request from budget code 19004 should also be requested by March 16, 2022.
- Agency reserves may only be used for positions fully or partially funded by net General Fund appropriations. Agency reserves may **not** be used to fund LIs for temporary positions paid out of accounts 531311 or 531312. Agencies have discretion in giving increases to temporary employees by using departmental receipts, lapsed salary, or salary reserve.
- Agencies are responsible for budgeting the appropriate requirements and receipts for positions partially or fully funded by receipts.

Budget Revisions to Distribute Reserves

By February 28, 2022, each agency should submit type-11 recurring and nonrecurring (where appropriate) budget revisions to distribute your agency's reserves into the proper fund codes and NCAS expenditure accounts. All revisions should have an **effective date of 7/1/2021**.

Please submit separate budget revisions as follows:

1. Budget Revision 1: Legislative Compensation Increases (LI) – Step 1

Calculate the LI on **filled** positions as of June 30, 2021, **including those on leave of absence and leave without pay**. Revisions should include associated benefits (social security and retirement) and may include the incremental increase in longevity associated with positions already receiving this benefit. LI is budgeted for the employee not the position.

Use the BEACON B0061 LI Detail report and choose the updated version and year 2021 to obtain salary information used in the calculation below. Note: application of new retirement rates will be applied in Step 2.

Calculations:

LI: Eligible Employee Actual Salary x 2.5%

Incremental Change in Longevity: (6/30/21 Actual Longevity payments x 2.5%) = Allowable incremental change in longevity

Social Security: (LI + incremental change in longevity) x 7.65%

Retirement: (LI + incremental change in longevity) x FY2020-21 recurring retirement rate (see below)

FY 2020-21 Rates for Step 1

TSERS	21.68%
LEO	26.68%
CJRS	43.12%
ORP	13.61%
LRS	33.98%

2. Budget Revision 2: Retirement Contribution Recurring Adjustments – Submit after LI has posted – Step 2

3. Budget Revision 3: Retirement Contributions Non-Recurring Adjustments – Submit after LI has posted – Step 3

There will be two revisions necessary for retirement contribution changes. The first revision will be for recurring adjustments. The second revision will be for non-recurring adjustments. Calculate retirement benefits on ALL positions (filled and vacant) and incremental change in longevity calculated in Step 1. Vacant positions are included for retirement and health benefit adjustments because the increase is based on the position and not the employee. Use the Certified budget from the BD701 **after** the LI revision

has posted to obtain the retirement balance used in the calculation below. **Please note that the calculation includes both recurring and non-recurring changes and requires two revisions.**

System	FY 2020-21 ADEC	FY 2021-22 ADEC	Recurring	Nonrecurring	Total Change
TSERS	21.68%	22.89%	0.57%	0.64%	1.21%
TSERS LEO	26.68%	27.89%	0.57%	0.64%	1.21%
CJRS	43.12%	46.31%	1.87%	1.32%	3.19%
ORP	13.61%	13.22%	-0.39%	0	-0.39%
LRS	33.98%	34.72%	-0.54%	1.28%	0.74%

4. Budget Revision 4: State Health Plan Contributions

Calculate health benefits changes by subtracting the FY 2020-21 rate from the FY 2022-21 rate then multiply by the number of eligible FTEs (filled and vacant). Benefits are budgeted for the position not the employee.

Calculation:

Active Eligible employees (\$7,019 - \$6,326) or **\$693** x FTE count