

BUDGET LETTER

NUMBER: 14-26	
SUBJECT: EMPLOYEE COMPENSATION ADJUSTMENTS – ITEM 9800	DATE ISSUED: September 24, 2014
REFERENCES: VARIOUS, SEE ATTACHMENTS	SUPERSEDES: BL 13-18 & BL 13-26

TO: Agency Secretaries
Departmental Directors
Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

NOTE: Budget Officers are requested to forward a copy of this Budget Letter (BL) to Human Resources and Labor Relations Offices.

<i>Deadlines and Deliverables</i>	
October 10, 2014	Item 9800 attachments and supporting documentation due to your Department of Finance (Finance) budget analyst.

This BL provides instructions for fiscal year 2014-15 employee compensation adjustments.

A. Background

The state has current Memoranda of Understanding (MOUs) with all 21 collective bargaining units. (See Worksheet 2 for a list of the 21 bargaining units.) This BL addresses the distribution of 2014-15 employee compensation augmentations approved through the collective bargaining process and for employees excluded from collective bargaining as approved by the California Department of Human Resources (CalHR). It also includes background information and instructions for departments to calculate and schedule current year and budget year funding requests.

These instructions do not apply to personnel of the University of California, the Hastings College of Law, the California State University, or State Active Duty personnel of the Military Department.

New FI\$Cal Integration Processes

The methodology for calculating Item 9800 employee compensation adjustments will remain the same for this budget cycle; however, departments must complete additional worksheets used to upload data into the Financial Information System of California (FI\$Cal). Departments must complete the additional worksheets, which are provided in the attachments. These additional worksheets are similar to the Baseline Budget Adjustment (BBA) templates described in BL 14-18. To ensure that budget timelines are met, departments are required to complete the Item 9800 Adjustment Workbook and upload templates and submit to their Finance budget analyst by **October 10, 2014**. Additional information will be provided at a later time regarding the statewide Executive Order for current year adjustments.

Glossary Relevant to this BL

There are several new terms used throughout this BL that departments should learn as they are commonly used in the FI\$Cal system.

BBA	=	Baseline Budget Adjustments. Baseline expenditure adjustments previously collected on a planning estimate worksheet. (See BL 14-18)
DP	=	Decision Package. An adjustment within the FI\$Cal system.
BR	=	Budget Request. A component within a Decision Package identifying estimated changes to expenditures.
BU	=	Business Unit. This is equivalent to the four digit organization code/entity.
Category	=	An account code in the new FI\$Cal Chart of Accounts.
ENY	=	Enactment Year. Formerly Year of Appropriation.

B. General Instructions

To request funding for eligible adjustments, departments must complete and submit the Item 9800 Adjustment Workbook (Attachment 1), Item 9800 Baseline Budget Adjustment (BBA) Upload Templates (Attachments 2-5), and related supporting documentation to their respective Finance budget analyst **no later than October 10, 2014**. This information is necessary to support the funding request and to provide the necessary scheduling information to the State Controller's Office (SCO) to process the Budget Executive Order to transfer appropriation authority from Item 9800 to the support appropriations of the respective departments. **If a department fails to meet this deadline, Finance will calculate and schedule the adjustment. Please note that departments may not have an opportunity to adjust any calculations and scheduling performed by Finance.** Please refer to the following instructions for each worksheet within the Item 9800 Adjustment Workbook to calculate the appropriate adjustments:

Item 9800 Adjustment Workbook (Attachment 1) includes the following worksheets:

- Worksheet 1 Item 9800 Summary Sheet
- Worksheet 2 Item 9800 List of Bargaining Units
- Worksheet 3 Item 9800 List of Eligible Salary and Benefit Adjustments
- Worksheet 3a Item 9800 Benefit Adjustment Instructions
- Worksheet 3b Item 9800 Benefit Adjustment Detail
- Worksheet 4 Item 9800 Salary Adjustment Worksheet
- Worksheet 5 Item 9800 Benefit Adjustment Worksheet
- Worksheet 6 Item 9800 Salary and Benefit Adjustment Fund Split Worksheet
- Worksheet 7 Item 9800 Crossties

In addition to Worksheets 1 through 7, which are used to calculate the various Item 9800 adjustments, departments must also complete a separate Item 9800 BBA Upload Template for both Salary Adjustments and for Benefit Adjustments, which will be uploaded into FI\$Cal. Adjustments within each Item 9800 BBA Upload Template should correspond to the adjustments found on Worksheet 6, Item 9800 Salary and Benefit Adjustment Fund Split Worksheet. Note that in addition to completing a separate Item 9800 BBA Upload Template for Salary Adjustments and for Benefit Adjustments, departments may also have to complete a separate Item 9800 BBA Upload Template for reimbursements.

Item 9800 BBA Adjustment Upload Templates (Attachments 2 through 5)

- Item 9800 BBA Salary Adjustment Upload Template (Attachment 2)
- Item 9800 BBA Salary Adjustment Upload Template (Reimbursements Only) (Attachment 3)

- Item 9800 BBA Benefit Adjustment Upload Template (Attachment 4)
- Item 9800 BBA Benefit Adjustment Upload Template (Reimbursements Only) (Attachment 5)

C. Instructions—Item 9800 Adjustment Workbook

Worksheets 1-3: Informational

The Item 9800 Summary Sheet displays total salary and benefit adjustments that are calculated on worksheets 4, 5, and 6. Worksheets 2 and 3 provide departments with bargaining unit, salary adjustment, and benefit adjustment information necessary to complete Worksheets 4, 5, and 6.

Worksheet 4: Item 9800 Salary Adjustment Worksheet

CalHR has transmitted classification and pay adjustment data to departments through multiple pay letters. The pay letters and associated salary adjustments can be found on Worksheet 3. **Additional funds will only be provided for adjustments appearing on Worksheet 3. Salary adjustments will not be provided for overtime or temporary help blankets.** Note that these adjustment amounts will also need to be scheduled in each applicable Item 9800 BBA Salary Adjustment Upload Template. For further instructions, refer to section D. Instructions—Item 9800 BBA Upload Templates.

On this worksheet, for the 2014-15 and 2015-16 salary base, use the total salaries in the Regular/Ongoing Positions (see highlighted cell in Schedule 7A example) in the current year column (2014-15) from the 2015-16 Salaries and Wages (Schedule 7A).

Schedule 7A Example

ORGANIZATIONAL UNIT Classification	NUMBER OF POSITIONS			EXPENDITURES		
	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
Administration						
Exec Director	0.9	1.0	1.0	\$8,369-9,053	\$105,300	\$105,300
Program Mgr I	0.8	1.0	1.0	5,079-6,127	64,267	67,483
Assoc Program Officer	0.8	2.0	2.0	4,400-5,348	107,140	112,497
Exec Asst	0.6	1.0	1.0	3,288-3,996	45,674	45,674
Staff Services Analyst	0.9	-	-	2,817-4,446	-	-
FI\$Cal Current Service Level Adjustment						
TOTALS, AUTHORIZED POSITIONS	5.0	6.0	6.0	\$294,552	\$370,738	\$380,597
<i>Regular/Ongoing Positions</i>	4.0	5.0	5.0	256,132	322,381	330,954
<i>Temporary Help</i>	1.0	1.0	1.0	25,613	32,238	33,095
<i>Overtime</i>				12,807	16,119	16,548

While the pay letters and instructions on Worksheet 3 provide guidance regarding costing, departments are encouraged to review the terms of MOUs for additional clarification. Please refer to the CalHR website for MOU details, found at:

<http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>.

The salary-driven benefit increases should be calculated using the following information:

- OASDI (Social Security)—6.2 percent of total salary up to the \$118,050 cap (for each position covered by OASDI) for 2014 and \$121,350 for 2015 (see Worksheet 1 in the 2015-16 Price Letter, BL 14-22).
- Medicare—1.45 percent of total salary (no cap).
- Retirement—Departments must use the 2014-15 retirement rates as reflected in Control Section 3.60. This information will be used in completing Worksheet 4 and rolls into Worksheet 1. Employees in the Alternate Retirement Program (ARP) should be considered Tier 1 when calculating the contribution rate for this BL. The ARP was eliminated for employees who were hired on or after July 1, 2013, pursuant to Chapter 296, Statutes of 2012 (AB 340).
- Other salary-driven compensation (i.e., pay differentials calculated as a percentage of base salary that are not included in the salary on the Schedule 7A).
- These benefits must be calculated as a percentage of the “Amount of Change” and included within the “Staff Benefits” column on Worksheet 4 for each applicable adjustment.
- Other increased costs will not be funded.

Worksheet 5: Item 9800 Benefit Adjustment Worksheet

Adjustments to the employer’s health benefits contribution for specific bargaining units were made as a part of their MOUs or as approved by CalHR. CalHR has transmitted specific health contribution adjustment data to departments through Personnel Management Liaisons (PML). To calculate the 2014-15 Employer’s Health Benefit Contribution adjustment, departments should refer to Worksheets 3a and 3b and calculate the adjustments on Worksheet 5.

Note that these adjustment amounts will also need to be scheduled in each applicable Item 9800 BBA Upload Template (either Salary Adjustments or Benefit Adjustments). For further instructions, refer to section D. Instructions—Item 9800 BBA Upload Templates.

Worksheet 6: Item 9800 Salary and Benefit Adjustment Fund Split Worksheet

Provide the unique appropriation item (Business Unit, Reference Code, Fund Code, Program Code, and Category) for each adjustment. Note that there are several category codes that can be used for the various adjustments found in Worksheets 3, 3a, and 3b. For Salary Adjustments (Worksheet 4), only select a category code from the Chart of Accounts (COA) that begins with 510XXXX (Salaries and Wages). For Benefit Adjustments (Worksheet 5), only select a category code from the COA that begins with 515XXXX (Staff Benefits). Please refer to the COA, found at: http://www.dof.ca.gov/FISCAL_Resources/documents/COA_xwalk_UCM_Committee.xls. This process is similar to the Planning Estimate worksheets from prior years and is required to calculate the various employee compensation adjustments by fund classification.

To correctly classify funds and eliminate errors, the Item 9800 Salary and Benefit Adjustment Fund Split Worksheet includes a drop-down list of all funds for departments to select from rather than keying in manually. The fund classification will auto populate based on the fund selected by the department. While this process *should* help mitigate errors, departments must verify each fund classification by reconciling it to the Uniform Codes Manual (UCM). Please refer to the UCM, Numerical Fund Listing, found at: http://www.dof.ca.gov/accounting/uniform_codes_manual/funds/documents/20fundnum.pdf. **Federal funds and bond funds will be classified as non-governmental cost funds.** Identify reimbursements separately.

Worksheet 7: Item 9800 Crossties

To ensure that all adjustments within Attachment 1 agree, the crossties on this worksheet must all reflect “0” for both the current and budget year.

D. Instructions—Item 9800 BBA Upload Templates

General Information

After completing all applicable worksheets in the Item 9800 Adjustment Workbook, departments must complete the Item 9800 BBA Upload Salary Adjustments and Benefit Adjustments templates. Note that if Item 9800 adjustments include reimbursements, an additional Item 9800 BBA Upload Template will be required for both the Salary Adjustments and the Benefit Adjustments.

Budget Request Details

Departments are required to complete a Decision Package (DP) and Budget Request (BR) for both the Salary and Benefit Adjustments. The DP and BR must have a BU number (Business Unit/Organization Code), a unique sequencer (001 to 999), a DP type (e.g., BBA), a fiscal year, and a budget cycle when the issue is originated (e.g., GB for Governor’s Budget).

Examples of one DP to one BR for the Item 9800 Adjustment

Decision Package	2222-001-BBA-DP-2015-GB
Budget Request	2222-001-BBA-BR-2015-GB (Baseline Salary Adjustments)

Decision Package	2222-002-BBA-DP-2015-GB
Budget Request	2222-002-BBA-BR-2015-GB (Baseline Benefit Adjustments)

Example of one DP to multiple BRs

Decision Package	2222-001-BBA-DP-2015-GB
Budget Request	2222-001-BBA-BR-2015-GB (Baseline Salary Adjustments)
	2222-002-BBA-BR-2015-GB (Reimbursements)
	2222-003-BBA-BR-2015-GB (Non-Add Adjustments)

Decision Package	2222-004-BBA-DP-2015-GB
Budget Request	2222-004-BBA-BR-2015-GB (Baseline Benefit Adjustments)
	2222-005-BBA-BR-2015-GB (Reimbursements)
	2222-006-BBA-BR-2015-GB (Non-Add Adjustments)

Departments should complete the following in each Budget Request Details Worksheet:

1. Use unique naming conventions to provide a DP and BR Name.
2. DP/BR Description should be a meaningful title. For purposes of this BL, we suggest using “allocation for employee compensation” for salary adjustments and “allocation for staff benefits” for benefit adjustments.
3. Using the drop-down menu, select the appropriate BU.

Baseline Adjustment Type

Departments must select a Baseline Budget Adjustment (BBA) type from the drop-down menu in the Baseline Adjustment Type worksheet. For purposes of this BL, the only two acceptable BBA types to select are either “Salary Adjustments” or “Benefit Adjustments,” depending on which BBA is being prepared.

Baseline Adjustments (CY, BY, BY+1, BY+2, BY+3, and BY+4)

Using the drop-down menus, specify the Reference, Fund, ENY, Program, and Category for each unique combination of funding needed to support the adjustment. For purposes of this BL, the only acceptable Category types to select are 510XXXX (Salaries and Wages) for salary adjustments and 515XXXX (Staff Benefits) for benefit adjustments. Enter all dollars in the "OnGoing" column. Departments should refer to Worksheet 6 within the Item 9800 Adjustment Workbook when determining the dollars that should be scheduled in the current year and budget year. All ongoing dollars in the Current Year Baseline Adjustments Worksheet should be in whole dollars. Adjustments in the Budget Year Baseline Adjustments Worksheet should be entered in whole dollars and rounded to thousands. Then all ongoing dollars in the Budget Year Baseline Adjustments Worksheet should be copied to BY+1, BY+2, BY+3, and BY+4 worksheets. **Reimbursements are not included in these worksheets. All reimbursements are adjusted in the Item 9800 BBA Upload Templates (Reimbursements Only) (see instructions below).**

If the adjustment request is for multi-year or continuous appropriation spending authority, interagency agreements, or transfer of funds, please contact your Finance budget analyst for additional instructions.

Salary and Benefit Adjustment Upload Templates (Reimbursements Only) (Attachments 3 and 5 Only)

If the adjustment has multiple fund sources that include reimbursements, the reimbursement portion must have a separate Budget Request (BR). Departments must make all reimbursement adjustments separately using the Item 9800 BBA Salary and Benefit Adjustment Upload Templates (Reimbursements Only). These templates are similar to the Item 9800 BBA Upload Templates; however, these only contain adjustments related to reimbursements. All reimbursement dollars and the associated program/category spending must be self-contained within this separate BR. If the adjustment is entirely funded with reimbursements, only one BR is needed.

In the Budget Request Details Worksheet for each template, enter the same Decisions Package (DP) name as entered in the Item 9800 BBA Salary and Benefit Adjustment Upload Template. The BR name must be different than what was used in the Item 9800 BBA Salary and Benefit Adjustment Upload Template (see example of one DP to multiple BRs above). In the Baseline Adjustment Type Worksheet, the category is pre-selected as either "Salary Adjustment" or "Benefit Adjustment" depending on the adjustment category for the corresponding reimbursement(s).

In the Current Year Baseline Adjustments Worksheet for each template, specify the Reference, Fund, ENY, Program, and Category for the fund/program receiving the reimbursements. For Salary Adjustments, only select a category code that begins with 510XXXX (Salaries and Wages). For Benefit Adjustments, only select a category code that begins with 515XXXX (Staff Benefits). The Current Year Baseline Adjustments Worksheet should be entered in whole dollars. The Budget Year Baseline Adjustments Worksheet should be entered in whole dollars and rounded to thousands. Then all ongoing dollars in the Budget Year Baseline Adjustments Worksheet should be copied to BY+1, BY+2, BY+3, and BY+4 worksheets.

In the Current Year Reimbursements Worksheet for each template, specify the Reference, Fund, ENY, Program, and Category which represents the source of the reimbursements, e.g., interdepartmental or local government. The category code on the Reimbursement Worksheets will be 48XXXXX. The Current Year Baseline Adjustments Worksheet should be entered in whole dollars. The Budget Year Baseline Adjustments Worksheet should be entered in whole dollars and rounded to thousands. Then all ongoing dollars in the Budget Year Reimbursements Worksheet should be copied to BY+1, BY+2, BY+3, and BY+4 worksheets.

E. Subsequent Instructions

As noted above, budget processes are changing as a result of FISCAL implementation. Instructions outlined in this BL represent the current plan for processing retirement rate adjustments; however, they are subject to change. Subsequent instructions will be provided in the event there is a change in these instructions.

F. Questions

Please direct questions related to PMLs, Pay Letters, or provisions of an MOU to departmental personnel, labor relations officers, or CalHR. For the treatment of budget documents, direct questions to your Finance budget analyst. Technical guidance on provisions or attachments of this BL should be directed to Gregory Crettol Jr. or David Munoz, Employee Compensation Unit, at (916) 445-3274.

/s/ Justyn Howard

Justyn Howard
Program Budget Manager (A)

Attachments
