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Tim Longmeyer
Secretary

MEMORANDUM

To: HR Administrators
From: Mary Elizabeth Harrod, Commissioner
Department of Human Resources Administration
Date: May 6, 2014
Re: Annual Increment Guidance

As previously announced in [PM 14-07](#), the 2014-2016 Budget Bill (House Bill 235) provides for state employee annual increments. Beginning July 1, 2014, annual increments will be granted to all state employees on their individual anniversary dates. An employee’s “anniversary date” is the annual increment date which is established based on completion of the employee’s initial probationary period in accordance with 101 KAR 2:034 Section 4 (3).

For fiscal year 2014-2015, an annual increment percentage will be provided on the annual base salary of each state employee, as determined by each employee’s annual base salary at the time of his or her annual increment date. **For fiscal year 2015-2016**, an annual increment of 1% will be provided on the annual base salary of each state employee, as determined by each employee’s annual base salary at the time of his or her annual increment date.

The following table indicates the percentage of the salary adjustment by employee salary range for fiscal year 2014-2015:

<u>SALARY RANGE:</u>	<u>INCREMENT PERCENTAGE:</u>
\$0 - \$27,000.00	5%
\$27,000.01 - \$36,000.00	3%
\$36,000.01 - \$50,000.00	2%
\$50,000.01 and above	1%

In effort to ensure accurate understanding and processing of annual increments, we provide the following guidance to agency human resources staff.

Increment Date Audit

On May 7, 2014, the Personnel Administration Branch will begin reviewing the annual increment dates of eligible employees as listed on Infotype 0041 in KHRIS. The primary focus of the review is to ensure that outdated increment dates are correctly brought forward so that employees will receive their annual increments. Please be aware that agencies may be contacted during this review to assist with troubleshooting or to process actions. Consultants will also be making corrections to records as feasible. Please be patient with the consultants within the Personnel Administration Branch during this audit as this tremendous task is in addition to their primary job duties.

Annual Increment Listing

On or about June 25, 2014, the Personnel Cabinet will generate and distribute the Annual Increment Listing containing employees eligible to receive an annual increment on July 1, 2014. This list will need to be reviewed, marked and returned to the Personnel Cabinet by July 7, 2014. (Future distribution dates and deadlines for completion are provided on the 2014 KHRIS Operations Calendar.)

Employee Actions Effective Prior to July 1, 2014 (which Affect Salary)

In order to provide agencies with an accurate increment listing, we ask that all actions with effective dates prior to July 1, 2014 (affecting the salaries of employees due a July 1, 2014 annual increment) be processed and cleared in the system prior to June 25, 2014. Additionally, in accordance with 101 KAR 2:034 Section 3 (6), any reversion actions effective July 1, 2014, from detail to special duty or promotional probation, must be processed prior to the annual increment as the employee's salary should reflect the previous salary and any advancements he would have received had the detail or promotion not occurred. In any situation where such actions (which affect the salaries of employees) are not processed prior to the generation of the Annual Increment Listing, it is imperative that the employee is marked off of the increment listing as the salary adjustment provided on the spreadsheet will be incorrect. After marking the employee with an "N" on the increment listing to omit that person from the mass upload, the agency HR Generalist will need to process the necessary actions in the proper date order to ensure the employee's salary is processed correctly. Please remember that if the agency marks an employee off of the increment listing, it is the responsibility of the agency to ensure the employee's annual increment is processed using the *Change In Pay* personnel action with reason *Annual Increment*.

Employee Actions Effective July 1, 2014 (which Affect Salary)

In addition to monitoring the June actions for employees who are due a July 1, 2014 annual increment, agencies will also need to monitor the actions effective July 1 or after. When processing actions where an employee is due an annual increment on the same date, agencies must follow 101 KAR 2:034 Section 4 (7) – *Order of Calculating Increments and Other Salary Increases Which Occur at the Same Time*, which reads:

If an employee's increment date occurs on the same date that a salary adjustment or advancement is granted, the increment shall be applied before the adjustment or advancement is added to the employee's salary except if the adjustment is based on a pay grade change or a salary schedule change.

For any action, with the exception of those provided in the regulation cited above, agencies will either need to hold the action until after the increment listing has been returned and uploaded; OR, the agency may mark the employee off of the increment listing and manually process the annual increment prior to the mass upload using the *Change In Pay* personnel action with reason *Annual Increment*. Again, it is the responsibility of the agency to ensure the employee's annual increment is processed if marked off of the increment listing.

Ongoing Process

As we mentioned, future Annual Increment Listing distribution dates and deadlines for completion are provided on the 2014 KHRIS Operations Calendar. Each month, monetary actions preceding the annual increment must be cleared prior to the generation of the increment listing. These actions include those effective the previous month and also reversions from promotional probation and detail to special duty which are effective on the increment date. In any situation where such actions are not clear prior by the date provided on the calendar, the employee must be marked off of the increment listing and the agency will manually process the actions in the appropriate order. Additionally, agencies will need to hold applicable actions (which are effective the day of or following the increment date) until after the mass upload; OR the agency may mark the employee off of the increment listing, manually process the annual increment, and then process the subsequent action(s). Following the steps provided above will ensure the employee's salary is calculated correctly.

This information is provided to make every effort to ensure that all HR staff are educated of the proper processes to guarantee the seamless application of annual increments. For questions regarding information provided within this notice, please contact Amanda Coulter with the Department of Human Resources Administration at Amanda.Coulter@ky.gov or via telephone at (502) 564-5942.