

## EVERYTHING YOU EVER WANTED TO KNOW ABOUT SALARY RATE AND RATE REPORTS\*

**\*but were afraid to ask**

We're from the government and we're here to help you. Seriously.

### **What is Rate?**

"Salary Rate" is also known as "Rate". But what *is* Rate? At its most fundamental level, Rate is simply a control mechanism that the Legislature has at its disposal to keep salaries at bay.

Section 216.011(1)(a), F.S., defines "annual salary rate" as "the monetary compensation authorized to be paid a position on an annualized basis. The term does not include moneys authorized for benefits associated with the positions." In other words – rate is what your position costs *without* adding in benefits. What's left? *Salary*.

Back in 2005, the House of Representatives offered this description in its bill analysis of CS/HB 1825; it still holds true:

#### EXAMPLE:

Annual Salary = \$20,000

Salary Rate = 20,000

Salaries and Benefits budget = \$25,000

"Salary Rate" is the mechanism used in Florida to control overall salary expenditures and avoid unanticipated costs to annualize agency personnel actions, especially those actions occurring late in fiscal year. Absent a control on salary rate, agencies would be limited only to the total level of salaries and benefits budget for purposes of implementing personnel decisions. This would allow agencies to implement position upgrades or pay raises late in the fiscal year, when the budget impact is small enough to be absorbed within the agency's total budget for the year. However, the annual impact of those decisions would not be covered automatically in the next year's budget, thus creating an immediate salary deficit.

"Salary Rate" is currently controlled at the department level, with the rate level maintained in a rate ledger by the Executive Office of the Governor [LASPBS]. Certain adjustments may be authorized by the Executive Office of the Governor, such as increases for vacant positions. Additional adjustments may be approved by the Legislative Budget Commission. Over the years, the various adjustments to agencies' approved salary rate have resulted in many agencies having much more salary rate than they have salaries and benefits budget.

As you can see, you can have plenty of rate, but you can't do anything with it because you don't have enough budget to pay for benefits.

### **Does Rate really matter?**

Now that you know what rate *is*, why should you care? Because it is VERY important to the operation of your office. If you don't understand rate and use it wisely, you will end up in an unenviable place at the end of the fiscal year. To help you care, we send you a Rate Report every month.

### **What do I do with a Rate Report?**

Rate Reports provide your office with a snapshot of annual salaries, position numbers, class codes, retirement codes, filled and vacant positions, and more.

We send out monthly Rate Reports the day after payroll runs. Upon request, we can run a Rate Report at any time but we will always send out a monthly report. The effective date of a Rate Report will always be the date before we run the report. So, if we run a Rate Report on February 23<sup>rd</sup>, its contents are accurate as of the day before (February 22<sup>nd</sup>). This is simply due to how People First is structured.

When you review your Rate Reports each month, you will notice at the bottom two fields that are different from the others. The highlighted sections are for the number of authorized positions and authorized rate appropriated through the Legislature and can be found under the General Appropriations Act (GAA) for each fiscal year. We will update those fields each fiscal year or when our Budget Section lets us know of an update that needs to be made during the year because of a budget amendment or pay increase approved by the Legislature.

Rate Reports are pulled directly from People First, which is considered the official record for all State employees. This is true whether your office uses BOMS or any other software program. What you have in BOMS, for example, does not matter unless it matches what is in People First. That is why we rely on you to provide updated PAR information that you have created in BOMS or another software program when a new transaction has occurred so that JAC staff can enter it into People First.

Each time we send out Rate Reports, we include this message:

*If you have positions that have been vacant for longer than 180 days or very close to that number, you may want to consider reclassifying them to start the clock over from the time that they have been vacant.” \*\*Please note the clock will officially start over for the newly vacant position once you place someone in the current vacant position.*

We add this guidance in the off chance the Governor's Office of Policy and Budget (OPB) notices positions that appear to be vacant for 180 days or more. If OPB does contact JAC's Budget

Section about the vacant positions, Budget will contact the affected office and ask you to provide an explanation as to why it has been vacant for so long. The next question from OPB could be whether you really need that position. If you anticipate positions getting taken, consider downgrading them so that if the positions are taken, they will have low levels of rate attached.

Years ago, the Legislature would look at whatever rate was not being used on June 30<sup>th</sup> and sweep it away. That has not happened in a very long time, and the appetite to do so is non-existent; there is no point in getting your vacant rate to zero each year.

Another thing to know is that rate is the minimum for that position when it's vacant, but when filled, it's the actual salary. That means that when a filled position becomes vacant, any excess over the minimum can either be used for the newly hired person, or it is "freed up" and it can be given to someone else. Thus, employers love it when an employee who's at the top of their position's pay grade leaves, so their salary over the minimum can be distributed to others.

If you are really low on rate but you have vacant positions, you can downgrade the positions so the rate will be the new minimum; this has the effect of freeing up rate.

Starting with the Rate Reports that JAC will send after March 2021 payroll processes, we will add another note to remind all JRO's to review the retirement codes in column "E" of the Rate Report. It is imperative that you not only review the salaries to confirm they are correct, but also verify the accuracy of the retirement class. Remember -- this information is pulled directly from People First -- not BOMS or your database -- so if it is incorrect on the report that means it is incorrect in People First as well. You do not want to find out a year down the road that the employee was in the incorrect retirement plan and it now has to be corrected. Having an employee in the wrong retirement class can be very expensive and problematic for you and the employee. (The available retirement class codes are posted on JAC's public website under Human Resources>Retirement>Retirement Class Cheat Sheet.)

### **What if I have questions?**

Please feel free to contact Andy Snuggs at [Andy.Snuggs@justiceadmin.org](mailto:Andy.Snuggs@justiceadmin.org) if you have any questions about this issue.