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Mary Elizabeth Bailey  
SECRETARY

### MEMORANDUM

To: Interim Joint Committee on Appropriations and Revenue

From: Mary Elizabeth Bailey, Secretary *meb*  
Personnel Cabinet

Date: September 12, 2024

Subject: House Bill (HB) 6  
Salary Compression Report

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Dear Members of the Interim Joint Committee on Appropriations and Revenue,

House Bill (HB) 6 from the General Assembly 2024 Session required the Personnel Cabinet to contract with an independent consultant to review all personnel and payroll records of all current employees from January 1, 2018, thru June 30, 2024, to determine the exact salary compression issues which exist in the Executive Branch. The bill required the consultant to present a comprehensive data-driven report to the Interim Joint Committee on Appropriations and Revenue by December 15, 2024, with at least three options for potential corrective actions.

The Personnel Cabinet issued a Request for Proposals (RFP) on April 30, 2024. The RFP specified that vendor questions were due by May 8, 2024, but no questions were received. When the RFP closed on May 21, 2024, only one proposal was received. The evaluation committee subsequently met and scored the proposal, utilizing the evaluation criteria enumerated in the RFP. After reviewing the proposal, the committee found that it did not meet the core requirements listed in the RFP. Accordingly, the committee deemed the vendor's submission non-responsive. Lacking a responsive bidder, the solicitation was closed without a resulting contract award.

In a further attempt to comply with HB 6, and in hopes that additional proposals might be received, Cabinet staff determined that a second solicitation effort was advisable. A second RFP was issued on July 17, 2024. This second RFP clarified that the Cabinet was not seeking a proposal to replace the various job analysis and compensation systems utilized by Executive Branch agencies. Rather, the Cabinet re-emphasized that the scope of work was to determine exact salary compression issues, as detailed in HB 6. The second RFP specified that vendor questions were due by July 24, 2024, with, again, no questions being received from vendors. The RFP closed on

August 2, 2024. When the second RFP closed, only one proposal was received, from the same vendor who submitted a response to the original RFP. A new evaluation committee met to score the proposal according to the RFP's evaluation criteria but, unfortunately, was again forced to find that the submitted proposal did not meet the core requirements of the RFP, resulting in the vendor's submission being deemed non-responsive. Once again, no contract could be awarded as no submissions responsive to the RFP were received.

Although the Cabinet attempted in good faith to comply with the requirements of HB 6 to secure a consultant to analyze compression issues, the Cabinet will not have a compression study to submit to the committee by December 15, 2024, due to the lack of responsive proposals to the Cabinet's two separate RFPs.

Additionally, the Governor's 2024-26 recommended budget included a compression increase adjustment that would assist in addressing salary compression that has occurred from the lack of annual raises from fiscal years 2009-2021, excluding 2014-15, resulting in similar salaries among new and more tenured employees. This adjustment would apply to current employees who were continuously employed during the 2009-2021 time period through a tiered approach as follows:

- Employees with 24 to 83 months of service would receive a one percent increase
- Employees with 84 to 119 months of service would receive a three percent increase
- Employees with 120 to 155 months of service would receive a five percent increase
- Employees with 156 and more months of service would receive a seven percent increase

We appreciate your efforts to assist us with addressing recruitment and retention issues for Executive Branch staff, and we look forward to collaborating with you on these issues again in the upcoming session.