

Implementation of the Fiscal Year 2022-2023 Labor Market Adjustment Reserve (LMAR) at Appalachian State University

Introduction Section 39.2 of the 2022 Appropriations Act (S.L. 2022-74) funded a Labor Market Adjustment Reserve (LMAR) equal to one percent (1%) of each institution's State-appropriated salaries and associated benefits. Appalachian State University's appropriation is **\$2.45M** for base salary adjustments and to cover the associated fringe benefit increases.

Purpose LMAR adjustments are intended to better retain talent. Institutions have discretion to identify which employees or positions will receive LMAR-related adjustments based on identified labor market needs. President Hans strongly encourages LMAR funds be used to address critical workforce needs among SHRA and EHRA non-faculty employees that are not "highly paid" employees. The Office of State Human Resources has identified the following major categories of LMAR actions for reporting purposes:

- Increase salaries that are below the minimum of the salary range.
 - Increase salaries that are below the midpoint or market reference rate of the salary range.
 - Increase salaries to address salary compression or salary inequity issues.
 - Increase salaries to address classifications with higher turnover or higher vacancy rates.
 - Other market-related reasons for salary increases.
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Eligibility Criteria Individuals who were permanent part- or full-time benefits-eligible employees as of June 30, 2022 and are active in payroll at the time of implementation are eligible. Time-limited positions and vacant budgeted permanent positions are also eligible for the LMAR under the following conditions:

- The employee's 2021-2022 overall performance rating must be "Meets Expectations" or greater, or the employee must be deemed in "good standing" by their supervisor.
 - Employees with an active disciplinary action, notice of termination for cause, or performance improvement plan are not eligible.
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Limiting Criteria

The application of the LMAR increase is limited as follows:

- May not exceed the greater of fifteen thousand dollars (**\$15,000**) or fifteen percent (**15%**) of the employee's current base salary as of the effective date of the adjustment
 - May not result in the employee's salary exceeding the maximum of the salary range associated with the position or, for SHRA employees, the market rate of the next-higher competency level of the position classification.
 - May not exceed twenty-five percent (**25%**) of the institution's total positions as of July 1, 2022. Twenty-five percent (25%) of App State's 3,122.99 total positions is **780.75** positions.
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Implementation

App State will implement the LMAR in the **October 2022 payroll retroactive to July 1, 2022** and according to the criteria outlined above - **SHRA** employees with a 2021-2022 overall performance rating of **Meets Expectations or higher**, compensation will be increased to **95%** of the market rate (if greater than \$99.99) for the Career Banded classification level of the position.

Questions

Please direct questions to any of the following:

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