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## ARIZONA DEPARTMENT OF ADMINISTRATION

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**TO:** Agency Heads, Boards, and Commissions

**FROM:** Brian C. McNeil, Director

**DATE:** June 20, 2013

**SUBJECT:** **5% Retention Pay Adjustment and Elimination of 90-Day Waiting Period for Employee Health Benefits**

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As you may know, on Monday, June 17, 2013, the Governor signed the budget bills that were passed by the Special Session of the Legislature. ADOA has been receiving a number of inquiries regarding these budget bills pertaining to the retention pay adjustments and the elimination of the 90-day waiting period for state employee benefits. The following information provides some details about these two important provisions affecting state employees.

Laws 2013, 1<sup>st</sup> Special Session, Ch. 1, HB2001, 2013-2014; general appropriations, includes a provision for retention payment adjustments for "annualization of the fiscal year 2012-2013 employee pay adjustments." The one-time 5% critical retention payment authorized during fiscal year 2013 will become part of base pay for eligible employees. Key provisions pertaining to eligibility and timing are summarized below:

- Only uncovered employees who have been receiving the critical retention payments will have the 5% retention payment adjustment become part of their base pay.
- Covered employees and employees hired after September 29, 2012, were not eligible for the critical retention payment and thus are not eligible for the 5% retention payment adjustment to base pay.
- This 5% retention payment adjustment to base pay for eligible employees is effective beginning with the pay period of June 22 through July 5, 2013, and will be reflected in the paycheck of July 11, 2013.

Laws 2013, 1<sup>st</sup> Special Session, Ch. 2, HB2002, 2013-2014; government; budget reconciliation, includes a provision that eliminates the requirement that state employees work regularly for at least 90 days before becoming eligible for state employee benefits (i.e., eliminates the 90-day waiting period). The elimination of the 90-day waiting period will become effective on September 12, 2013. The ADOA Human Resources Division is developing a transition/communication plan for state employees who currently have a waiting period and employees hired between now and September 12, 2013. More details will be provided as information becomes available.

c: Marie Isaacson, Director of Human Resources