



**B. J. Walker, Commissioner**

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**MEMORANDUM**

**TO:** DHR Employees

**FROM:** Rosa Waymon, Director *ROW*  
Office of Human Resource Management & Development

**SUBJECT:** Governor's Salary Increase Proposal for State Employees

I am very pleased to announce that Governor Perdue's proposal for FY07 salary increases is an innovative one, designed both to reward employee performance and improve employee retention. This proposal is fully endorsed by DHR Commissioner B. J. Walker, who has consistently advocated for creative use of our compensation resources.

Governor Perdue's proposal, which is subject to review and approval by the General Assembly, includes the following:

- A performance-based salary increase of 2%, with no salary increase cap, for employees who meet or exceed performance expectations.
- A 4% increase to the overall structure (minimum and maximum salary for all pay grades) of the Statewide Salary Plan. This would represent the first such shift in many years, and would provide more "head room" for all employees within their respective pay grades.
- An additional accelerator increase of up to 2% for employees whose salaries are between the pay grade minimum and market (pay grade) midpoint. A sliding scale would be applied to determine the amount of the additional increase for employees below midpoint. By way of example, employees at grade minimum would receive the full 2% accelerator increase, for a total increase of 4%. The amount of the accelerator increase would be gradually reduced in accordance with the sliding scale, based on the proximity of the employee's salary to midpoint.
- **No increase** in health care premiums.

These proposals, if approved by the General Assembly and the State Personnel Board, would be effective January 1, 2007. We will keep you informed of the outcome of these recommendations, and share information as it becomes available.