

## DOJ Policy and Procedures for Discretionary Merit Compensation (DMC)

### Concept of DMC

Discretionary Merit Compensation (DMC) provides employees economic recognition for merit or to address pay equity or retention needs. DMC's are intended to be extraordinary awards for exceptional performance or to address egregious equity issues and retention concerns.

### Eligibility

Eligibility details are defined in the state compensation plan. In general, all DOJ employees in pay status are eligible to be considered for a DMC except:

1. Employees who have been disciplined or whose job performance has been rated below satisfactory in the previous fiscal year or 12 months, whichever is greater.
2. Supervisors who have not completed formal performance evaluations within the past twelve months on all subordinate employees for whom annual and interim evaluations are required.
3. Employees who are at the top of the pay range.
4. Employees who are on probation.

### Amount and Type

#### BROAD-BANDED CLASSIFICATIONS

A DMC may be granted to employees in broad-banded classification titles in any amount up to 4 within range pay steps (WRPS) per fiscal year, subject to the maximum of the pay range. They may be granted as a base-building adjustment, in a lump sum, or a combination thereof. They may be granted for merit and/or equity and/or retention.

## NON BROAD-BANDED CLASSIFICATIONS

A DMC may be granted to employees in non broad-banded classification titles in a lump sum for merit only. For purposes of applying the 4 WRPS limitation, the payment is converted to a base pay equivalent by dividing the lump sum by 2088.

## UNCLASSIFIED POSITIONS

DOJ Employees in unclassified positions not serving a fixed term under Section B of the compensation plan are eligible for DMC up to two WRPS based on merit only and only in the form of a base-building adjustment.

### Effective Date

The effective date of any DMC will be determined by effective receipt defined in the compensation plan as the date a recommendation is received by the office within the agency that has been delegated effective receipt authority by the appointment authority. For DOJ, this means any DMC will be effective following all required approvals and receipt of final approval documentation by the DOJ Bureau of Human Resource Services payroll unit. A DMC may not be awarded retroactively. The effective date will be specified in the award letter.

### Funding

Funding for DMC's is available in the compensation plan (See Schedule J, page 5) but has been suspended for the 2011-13 biennium. All awards are currently funded from the department's salary line. The salary line cannot be supplemented to cover costs of these awards.

### Criteria definitions

MERIT – Employee recognition for superior or meritorious performance. Criteria/factors to be considered include: length or frequency of the outstanding performance; the extent to which the outstanding performance exceeds minimum job requirements; overall significance or importance of the employee's work products/services to the organization; and the regularity with which the outstanding performance or unique contribution is demonstrated (e.g. an employee who routinely demonstrates exceptional performance and performs special projects on an ongoing basis versus an employee who completes a one-

time special project). Related factors include new permanent job duties and/or responsibilities of growing importance to the department that have been either newly assigned or were an evolution of originally assigned functions. The new duties are of greater scope, impact and/or complexity compared to the previous functions or the employee has acquired additional competencies, which are both specialized and critical. Compliance or non compliance with work rules, including work rules related to attendance, may also be considered whether or not any noncompliance has resulted in discipline.

**EQUITY** -- The employee's salary has been determined to be lower than that of other state employees performing the same or similar duties at the same level of proficiency and who have comparable years of relevant service; or there is significant pay compression between the employee and his/her immediate subordinates; or established labor market data identifies a need to award market adjustments in order to achieve equity with external public/private employers.

**RETENTION** -- The employee has critical experience and/or special skills that are in high demand in other organizations, including the private sector, or loss of the employee's knowledge and experience would be a detriment to the department, therefore, requiring a pay adjustment be made in order to retain the employee.

### **Procedure for Requesting DMC**

Division Administrators may recommend a DMC for employees within their division at any time during a fiscal year. Any recommendation submitted must include: a detailed justification which specifically describes the reason(s) for recommending the DMC (based on the criteria outlined above); the type of award recommended (base building or lump sum); and the proposed amount of the award. The justification must be forwarded to the Division of Management Services Administrator for review and analysis to ensure compliance with the policy. The request will then be forwarded to the Deputy Attorney General. If approved by the Attorney General, the Human Resources Director will submit the request to the Office of State Employment Relations DMC mailbox ([OSERDCLRDMCRequests@wisconsin.gov](mailto:OSERDCLRDMCRequests@wisconsin.gov)) for review and approval on the required justification form and report (attached).

If an employee self nominates for a DMC, the Administrator will determine whether to forward that request through the process.

Once final approval occurs, the Human Resource Services Director will: 1) notify payroll to process the award; 2) draft a letter of notification to the employee (with copies to their supervisor/manager) for the Attorney General's signature; and 3) place a copy of the notification letter in the employee's personnel file. If the

request is denied, the Human Resource Services Director will notify the Division Administrator of the denial.

## JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

AGENCY:	EMPLOYEE NAME:	CLASSIFICATION TITLE:	PAY SCHEDULE & RANGE:
<b>CRITERIA</b>			
<p><b>Merit:</b> Employee recognition for superior or meritorious performance. Merit criteria/factors which should be considered include:</p> <ul style="list-style-type: none"> <li>• Length or frequency of the outstanding performance</li> <li>• Overall significance or importance of the employee's work products to the organization;</li> <li>• Regularity with which the outstanding performance or unique contribution is demonstrated (e.g., an employee who routinely demonstrates exceptional performance and performs special projects on an ongoing basis, as compared to an employee who completes a one-time special project)</li> </ul> <p><b>Merit-related criteria/factors which may be considered include:</b></p> <ul style="list-style-type: none"> <li>• Employee has new permanent job duties and /or responsibilities of growing importance to the agency that have been either newly assigned or were an evolution of their originally assigned functions. The new duties are of greater scope, impact and/or complexity compared to the previous functions; or</li> <li>• Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position.</li> </ul>		<p><b>JUSTIFICATION</b></p> <p>Provide justification on page 2 of this document.</p>	<p><b>INCREASE AMT.</b> Hourly or Lump Sum</p>
<p><b>Pay Equity:</b> The employee's salary has been determined to be lower than that of other state employees performing the same or similar duties at the same level of proficiency and who have comparable years of relevant service; or there is significant pay compression between the employee and his/her immediate subordinates; or established labor market data identifies a need to award market adjustments in order to achieve equity with external public/private employers.</p> <p><b>Retention:</b> The employee possesses special skills that are in high demand in other organizations or loss of the employee's knowledge and experience would be a detriment to the agency, therefore, requiring a pay adjustment be made in order to retain the employee.</p>		<p><b>JUSTIFICATION</b></p> <p>Provide justification on page 2 of this document.</p>	
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<b>DMC RECOMMENDATION</b>			
<b>Old Base Salary</b>	<b>New Base Salary</b>	<b>Funding Source(s):</b>	<b>DMC Effective Date:</b>
<b>Recommended By (Supervisor):</b>	<b>Date:</b>	<b>Budget Approval (Funding approval only):</b>	<b>Date:</b>
		<p># Prior WRFS in Same FY: _____ PUA in last 12 months: _____ No _____ Yes _____ Effective Date: _____</p> <p>Division Administrator Approval: _____ Date: _____</p>	
<b>AGENCY HEAD APPROVAL (signature):</b>		<b>APPROVED:</b>	<b>DENIED:</b>
		Base Pay Adjustment: _____	Lump Sum: _____
<b>OSER APPROVAL:</b>		<b>APPROVED:</b>	<b>DENIED:</b>
		Base Pay Adjustment: _____	Lump Sum: _____
<b>AGENCY CONTACT NAME:</b>		<b>CONTACT PHONE NO:</b>	

**JUSTIFICATION:**

**CRITERIA (Check all that apply):**

\_\_\_ Merit

\_\_\_ Employee received performance evaluation within last 12 months

\_\_\_ Employee is a supervisor and has completed required performance evaluations for all subordinates

\_\_\_ Pay Equity

\_\_\_ Employee is a supervisor and has completed required performance evaluations for all subordinates

\_\_\_ Retention

\_\_\_ Employee is a supervisor and has completed required performance evaluations for all subordinates

**JUSTIFICATION NARRATIVE (Provide specifics and supporting documentation below):**

## INSTRUCTIONS FOR DMC JUSTIFICATION FORM COMPLETION

All areas of the form *must* be completed by the agency; incomplete forms will be returned to the sending agency for completion and resubmittal. Below is the list of boxes contained on this DMC form with instructions for completion.

### Page 1

1. **Agency** – Agency name or agency acronym (including secondary level or campus)
2. **Employee Name** – Employee last name, first name, and middle initial
3. **Classification Title** – Employees full classification title (not working title); position title for unclassified employees
4. **Pay Schedule & Range** - Numerical pay schedule and range
5. **Increase Amount** – Increase amount to be provided as a lump sum payment or the base increase amount
6. **Number of WRPS or Equivalent** - Calculate the number of WRPS equivalent for each DMC (base and or lump sum) awarded. For lump sum awards, calculate number of WRPS by dividing the award by 2088, then divide that amount by the applicable WRPS amount from the pay schedule (or 3% of minimum for pay ranges not having a listed WRPS)
7. **Old Base Salary** – Employee's base pay rate prior to the DMC
8. **New Base Salary** - Employee's base pay rate after the DMC
9. **Funding Sources** - List source of agency funds used to pay for DMC, e.g., GPR, PRO, SEG, etc.
10. **DMC Effective Date** – Date should reflect the “effective date of receipt by agency” as the effective date of DMC
11. **# of Prior WRPS in Same FY** – Show total WRPS of any previous DMC in the same fiscal year
12. **PUA in last 12 months** - Broadbanded employees only, show last date(s) of pay upon appointment, if any
13. **Recommended By; Budget Approval; Division Administrator Approval** - This yellow shaded area may be modified consistent with the agency's internal approval process included in their DMC policy. **Agency Head Approved/Denied** - Appointing Authority or designee (Deputy or Executive Assistant only): This signature line may not be modified and every DMC recommendation form must include this signature.
14. **OSER Approved/Denied** - OSER completes
15. **Agency Contact Name** – Identify agency staff who will respond to OSER questions about the DMC recommendation and to whom OSER's review results will be returned.

### Page 2

16. **Criteria** - (place an X next to applicable criteria) All merit criteria DMC recommendations must show that the employee has had a performance evaluation in the past 12 months, and if the employee is a supervisor, the employee must have completed performance evaluations for all subordinates (check boxes to confirm these statements)
17. **Justification** - Provide specifics and attach any supporting documentation.
18. **Submit the completed and approved form, along with the DMC Request spreadsheet form OSER-DCLR-221 (see Attachment 2), to the OSER DCLR DMC Request mailbox at [OSERDCLRDMCRequests@wisconsin.gov](mailto:OSERDCLRDMCRequests@wisconsin.gov).**

Discretionary Merit Compensation (DMC) Report Form														
Department	Employee Name	Address	DMC Effective Date	Date of Last PUA	Class Code	Classification Title	Pay Sched	Pay Range	Pay Rate Prior to Increase	DMC Base Pay Award Amount	Pay Rate Following Increase	DMC Lump Sum Amount	DMC Award Type	Criteria Code(s)

\*PUA = Pay Upon Appointment (within 12 months of DMC effective date of receipt)