

GENERAL ELIGIBILITY AND DISTRIBUTION GUIDELINES
DISCRETIONARY MERIT COMPENSATION (DMC) ADJUSTMENTS/PAYMENTS
DEPARTMENT OF MILITARY AFFAIRS

January, 2012

Background:

In accordance with the 2011-2013 Compensation Plan, the Discretionary Merit Compensation (DMC) program is intended to provide the appointing authority, The Adjutant General, with the discretion to provide employees economic recognition for merit or to address pay equity or retention needs. These awards are designed to be used at the discretion of The Adjutant General. Written justification must be provided to substantiate DMC adjustments and payments.

Coverage:

The DMC provisions apply to classified permanent and project employees and unclassified employees in positions that are assigned to:

- 1) Broadband pay schedules 07, 13, 15, 71 & 81,
- 2) Non-broadbanded pay schedules 02, 03, 05, 06, 11, 12, 13, & 14, and
- 3) Unclassified employees, not serving a fixed term, in pay schedule 90.

Please refer to the attached DMC Eligibility Matrix, attachment #2, for use as a guide for details on employee DMC eligibility, award amount thresholds, and methods of payment.

Eligibility:

All employees who are in pay status in positions identified under “*coverage*” above are eligible to be considered for a DMC *except* the following:

- Employees whose job performance in the previous fiscal year was rated below satisfactory,
- Supervisors who did not complete formal performance evaluations on all subordinate employees for whom performance evaluations are required in the preceding 12 months,
- Any employee paid at or above the applicable pay range maximum may not receive a base-building DMC,
- Trainees eligible for scheduled trainee increases,
- Crafts Worker and Crafts Worker-related employees (project crafts workers, craft worker supervisors, shop supervisors, and the Crafts Operation Manager, UW-Milwaukee),
- Positions specifically listed in s. 20.923(2), (3), (4g), and (5), Wis. Stats.,
- Represented positions in the public safety bargaining unit,
- Any classified employee in a non-broadband pay range and Assistant District Attorneys may not receive a base building DMC, and any lump DMC shall be for merit only.

Note: DMC requests for employees who have had Pay Upon Appointment within 12 months prior to the DMC request will be rare and will require extensive justification and review.

Amounts and Methods of Payment:

Classified employees (#'s 1 & 2 under 'coverage' above): DMC's may be granted in any amount up to the value of four (4) within-range pay steps subject to the pay range maximum. Each employee is limited to receiving four (4) within-range pay steps per fiscal year, including DMC's granted by one agency or by multiple agencies.

Awards may be applied in any increment amount and can be granted anytime during the fiscal year subject to the four within-range pay step limitation. These awards are not subject to the 10% total cumulative adjustment an employee can receive as provided in s.230.12 (5)(d), Wisconsin Statutes.

Classified employees in **broadbanded pay schedules are eligible for base building, lump sum, or a combination of both methods of payment.** The DMC recommendation must include justification with rationale for proposing the recommended method(s) of payment.

Classified employees in **non-broadbanded pay schedules are eligible for lump sum payments based on merit only.**

Unclassified employees, not serving a fixed term (#3 under 'coverage' above): DMC's may be granted in any amount as a base building increase up to a value of two (2) within-range pay steps subject to the pay range maximum. Each employee is limited to receiving two (2) within-range pay steps per fiscal year, including DMC's granted by one agency or by multiple agencies.

Awards may be applied in any increment amount and can be granted anytime during the fiscal year subject to the two within-range pay step limitation. These awards are not subject to the 10% total cumulative adjustment an employee can receive as provided in s.230.12 (5)(d), Wisconsin Statutes.

Unclassified employees specifically identified in the State of Wisconsin Compensation Plan, Section J, 2.00(10)(a), are not eligible for lump sum awards.

Effective Date:

If approved by The Adjutant General, the effective date will be the beginning of the first pay period after the DMA State Human Resources Office receives the approved DMC request from The Adjutant General. Awards cannot be retroactive prior to this date.

Funding:

All DMC awards are funded from the appropriate salary line within DMA's budget, that which is used to normally fund the employee's salary. There is no additional designated funding for these awards. As such, recommendations must be made with the assurance that adequate funding exists to maintain the DMC award.

Criteria and Justification: *Following are the standard definitions/criteria for the three types of DMC requests. Written justification describing how the DMC employee meets these criteria must be provided on the OSER DMC Request Form (attachment #1); attach additional information as necessary. In addition to completion of the OSER DMC Request Form and the written justification, the previous fiscal year's performance evaluation must be on file for the DMC employee in order for the DMC request to be considered.*

- 1) **Pay equity definition** - 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 their immediate subordinates; or established labor market data identifies a need to award market adjustments in order to achieve equity with external public/private employers.

Note: Unclassified employees not serving a fixed term and non-broadbanded employees are not eligible for DMC recommendations based on **pay equity** principles.

- 2) **Retention definition** - 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.

Note: Unclassified employees not serving a fixed term and non-broadbanded employees are not eligible for DMC recommendations based on **retention** principles.

- 3) **Merit definitions** - Employee recognition for superior or meritorious performance.

Merit criteria/factors which should be considered include:

- Length or frequency of the outstanding performance.
- Overall significance or importance of the employee's work products to the organization.
- Regularity with which the outstanding performance or unique contribution is demonstrated. Note: A base-building DMC may be appropriate for an employee who routinely demonstrates exceptional performance and performs special projects on an ongoing basis, whereas a lump sum method of payment would be more logical for an employee who completes a one-time special project which warrants a DMC.

Merit-related criteria/factors which may be considered include:

- 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.
- Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position.

DMC Request Procedure:

- The supervisor will complete the OSER DMC Request Form (attachment #1) including the required written justification for the recommendation in accordance with the criteria for Merit, Pay Equity, and/or Retention. The justification must also provide rationale for the recommended award amount, as well as the method of payment, if there is flexibility in the method of payment (i.e. broadbanded, classified employees). The supervisor should contact their assigned HR Specialist with questions.
- Employees are eligible to self-nominate to their supervisor no more than once per fiscal year. In such cases, the employee will complete the OSER DMC Request Form (attachment #1) and submit it to their supervisor. The supervisor will approve or deny the request. If approved, follow remaining procedures outlined here. If denied, notify the employee and submit a copy of the request and denial to the State Human Resources (SHR) Director.

- Completed supervisor recommendations will be submitted to the Division Administrator, Directorate Head, Base Commander, or equivalent. Recommendations will be reviewed and either approved, denied, or modified.
- If approved by the Division Administrator, Directorate Head, Base Commander, or equivalent, the request will be submitted to the SHR Director. The SHR Director will assess the recommendation to assure that the recommendation complies with established criteria, justification standards, and State of Wisconsin Compensation Plan provisions.
- The SHR Director will submit the request to the Director of State Budget and Finance (SBF) for budget review purposes only and it will be returned to SHR. If inadequate funding exists to support the recommendation, the SBF Director will so note on the recommendation form.
- If the DMC request is denied or modified, the SHR Director will notify the Director, Division Administrator, or equivalent of the denial or modification.
- If the request is approved, the SHR Director will submit the request to The Adjutant General for approval, modification, or denial.
- The Adjutant General or designee will review and approve, modify or deny the request. SHR will provide technical assistance as requested.
- Whether the request is approved, modified or denied by The Adjutant General, the request will be returned to SHR. SHR will notify the Division Administrator, Directorate Head, Base Commander, or equivalent of any denials and will keep these records in a central DMC file within the SHR office.
- SHR will submit approved or modified requests to the Office of State Employment Relations (OSER) for review; approval, modification, or denial.
- If the DMC request is approved by OSER, it will be returned to SHR and will be effective at the beginning of the pay period following receipt by SHR of The Adjutant General's approval.
- The SHR Director will develop a letter informing the employee of the approved award and will notify payroll to process the adjustment.

The Department will comply with all reporting requirements as identified in the State Compensation Plan.

1/1/2012

ATTACHMENT #1 - JUSTIFICATION FOR DISCRETIONARY MERTT COMPENSATION (DMC) AWARD

AGENCY:	EMPLOYEE NAME:	CLASSIFICATION TITLE:	PAY SCHEDULE & RANGE:
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CRITERIA	JUSTIFICATION (PROVIDE SPECIFICS AND DETAILS)	INCREASE	BASE BUILDING/ LUMP SUM
<p>Mertt: Employee recognition for superior or meritorious performance. Mertt criteria/factors which should be considered include:</p> <ul style="list-style-type: none"> • Length or frequency of the outstanding performance • Overall significance or importance of the employee's work products to the organization; • 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) <p>Mertt-related criteria/factors which may be considered include:</p> <ul style="list-style-type: none"> • 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 • Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position. <p>Pay 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 employees.</p> <p>Retention: 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>			

DMC RECOMMENDATION

Old Base Salary \$	New Base Salary \$	# of WRPS:	Funding Source(s):	DMC Effective Date:	# Prior WRPS in Same FY:	PUA in last 12 months: <input type="checkbox"/> No <input type="checkbox"/> Yes Effective Date:
Recommitted By (Supervisor & Administrator):		Date:	State Human Resources Approval:	Date:	Budget Approval (funding approval only):	Date:

AGENCY HEAD APPROVAL:

<input type="checkbox"/> APPROVED: <input type="checkbox"/> Base Pay Adjustment:	<input type="checkbox"/> DENIED <input type="checkbox"/> Lump Sum:
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OSER APPROVAL:

<input type="checkbox"/> APPROVED: <input type="checkbox"/> Base Pay Adjustment:	<input type="checkbox"/> DENIED <input type="checkbox"/> Lump Sum:
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AGENCY CONTACT NAME: _____ **CONTACT PHONE NO.:** _____

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.

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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.

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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.

**DEPARTMENT OF MILITARY AFFAIRS
ATTACHMENT #2 - DISCRETIONARY MERIT COMPENSATION (DMC) AWARD MATRIX
January, 2012**

The matrix below will serve as a visual aid to assist in identifying the three categories of DMA employees that are eligible for DMC award consideration, the type of DMC principle the nomination can be based upon, the method of payment that can be provided for each employee category, and the maximum DMC amounts (not awards) that can be earned in a fiscal year.

EMPLOYEE CATEGORY (Permanent & Project Employees only)	DMC AWARD PRINCIPLES			DMC METHOD OF PAYMENT		AMOUNTS
	Pay Equity	Retention	Merit	Base-building	Lump Sum	
1) Employees in non-broadbanded pay schedules 02, 03, 05, 06, 11, 12, 13, & 14.	Not eligible	Not eligible	Eligible	Not eligible	Eligible	Maximum of 4 WRPS in a FY
2) Employees in broadbanded pay schedules 07, 13, 15, 71, & 81.	Eligible	Eligible	Eligible	Eligible	Eligible	Maximum of 4 WRPS in a FY
3) Unclassified employees, not serving a fixed term, in pay schedule 90.	Not eligible	Not eligible	Eligible	Eligible	Not eligible	Maximum of 2 WRPS in a FY

The Alphabetical Listing of Classifications includes classification titles, the pay schedules that classifications are assigned to, and the Within Range Pay Steps (WRPS) applicable to each.

Employees excluded from the DMC program include those with performance evaluations rated below satisfactory in the previous fiscal year, supervisors who did not complete annual performance evaluations on all subordinates, employees at or above the pay range maximum (base building exclusion only), trainees, crafts worker-related employees, and positions listed in 20.923(2), (3), (4g), & (5).