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**A. Background:**

The State of Wisconsin Compensation Plan gives the State Superintendent of the Department of Public Instruction authority to grant timely compensation adjustments to employees throughout the year.

Discretionary Merit Compensation awards may be used to recognize merit, pay equity, or retention problems. Awards for classified employees in broadband classifications may be base-building or lump sum. Awards for classified employees in classifications that are not broadbanded may be as lump sum awards only. Awards for unclassified employees may be base-building only.

**B. Discretionary Merit Compensation (DMC) Awards**

*Classified Employees*

DMC provisions cover all classified employees with the following exceptions:

- Employees whose job performance in the previous fiscal year was rated below satisfactory.
- Supervisors who did not complete performance evaluations within the past 12 months on all subordinate employees for whom performance evaluations are required.
- Any employee paid at or above the applicable pay range maximum may not receive a base-building DMC.
- Crafts Worker employees.
- Employees serving the first six months of a probationary period.

Subject to the maximum of the pay range, awards for eligible employees in broadband pay ranges may be granted in any amount up to four (4) within range pay steps (or the equivalent lump sum amount) per fiscal year subject to the pay range maximum. Awards for eligible employees in non-broadband pay ranges may be granted for merit only as a lump sum payment equivalent to any amount up to four (4) within range pay steps. DMCs are granted at the sole discretion of the State Superintendent and may be given at any time during the fiscal year subject to the limitations in Section D. Awards are not subject to the 10% cumulative adjustment limitations provided in s. 230.12(5)(d). An employee may receive more than one DMC during the fiscal year, but the total amount of DMCs received during the fiscal year may not exceed four (4) within range pay steps.

In extraordinary circumstances, an award of more than four (4) within range pay steps may be considered. However, awards beyond the four (4) step maximum can only be granted after the review and approval of the Director of the Office of State Employment Relations (OSER).

The State Superintendent, Deputy State Superintendent, Executive Assistant, Special Assistant and all Assistant State Superintendents may recommend eligible individuals for a DMC based on one or more of the following criteria:

- *Merit:* Employee recognition for superior or meritorious performance. Factors to be considered when recommending a DMC for merit are:
  1. Length or frequency of the outstanding performance.
  2. Overall significance or importance of the employee's work products to the organization.



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3. Regularity with which the outstanding performance or unique contribution is demonstrated (for example, 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)
4. Other related criteria that may be considered include:
  - a. 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
  - b. Employee has acquired additional competencies that are both specialized and critical in carrying out the permanent functions of the position.
- *Pay Equity*: Employee's salary has been determined to be lower than other employees performing the same type 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 or her immediate subordinates; or established labor market data identifies a need to award market adjustments in order to achieve equity with external public or private sector employers.
- *Retention*: The employee has experience and/or 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 to retain the employee.

#### *Unclassified Employees*

DMC provisions cover all unclassified employees with the following exceptions:

- Employees whose job performance in the previous fiscal year was rated below satisfactory.
- Supervisors who did not complete performance evaluations during the previous 12 months on all subordinate employees for whom performance evaluations are required.
- Any employee paid at or above the applicable pay range maximum may not receive a DMC.
- Employees serving the first six months of an unclassified appointment.

Subject to the maximum of the pay range, awards for unclassified employees may be granted in any amount up to two (2) within range pay steps per fiscal year subject to the pay range maximum. Unclassified employees may not receive lump sum DMCs. DMCs are granted at the sole discretion of the State Superintendent and may be given at any time during the fiscal year subject to the limitations in Section D. Awards are not subject to the 10% cumulative adjustment limitations provided in s. 230.12(5)(d). An employee may receive more than one DMC during the fiscal year, but the total amount of DMCs received during the fiscal year may not exceed two (2) within range pay steps.

In extraordinary circumstances, an award of more than two (2) within range pay steps may be considered. However, awards beyond the two (2) step maximum can only be granted after the review and approval of the Director of the Office of State Employment Relations.

#### **C. Funding:**

DMCs are funded from the employing unit salary line. Because the salary line cannot be supplemented to cover costs of the awards, the number and amount of awards granted may be limited.



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**D. Procedures for Granting a DMCs:**

The State Superintendent will determine when DMC recommendations for merit or pay equity may be submitted and will notify agency management when recommendations will be received. Recommendations for retention DMCs may be made at any time. Recommendations may be made by the Deputy State Superintendent, Executive Assistant, Special Assistant, and Assistant State Superintendents. Team Directors, Assistant Team Directors, or other supervisors may make suggestions for awards directly to their Assistant State Superintendent. The Deputy State Superintendent may make DMC recommendations for unclassified staff. Recommendations must be submitted on the OSER DMC Justification form and must include justification that specifically describes the reason(s) for granting the award, the type of award recommended (base building or lump sum), and a proposed amount. Human Resources will provide those recommending DMCs with information regarding current pay and within range steps. The completed form must be forwarded to the Human Resources Director who will obtain approvals of the Budget Director and will forward the completed recommendation, justification, and budget review to the State Superintendent for final review and approval. Recommendations approved by the State Superintendent will be sent to OSER for review.

Upon approval by OSER, the Human Resource Director will notify the employee, the employee's supervisor and the payroll office of the award. A copy of the notification will be placed in the employee's personnel file. If the request is denied, the Human Resources Director will notify the division administrator of the denial.

**E. Effective Date:**

Awards may be granted at any time during the fiscal year subject to the limitations in Section D. The effective date of the adjustment, if approved by the State Superintendent and OSER, will be the beginning of the first pay period following effective receipt of the DMC recommendation. Effective receipt is the date the State Superintendent receives the recommendation(s) from Human Resources.

**F. Reporting:**

Human Resources will comply with all reporting requirements as specified by OSER.

Questions regarding this policy may be addressed to Human Resources.

**JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD**

|  |                        |   |   |
|--|------------------------|---|---|
| <b>AGENCY:</b>   | <b>EMPLOYEE NAME:</b>  | <b>CLASSIFICATION TITLE:</b>  | <b>PAY SCHEDULE &amp; RANGE:</b>            |
| <b>CRITERIA</b>  |                        | <b>JUSTIFICATION</b>  | <b>INCREASE AMT.<br/>Hourly or Lump Sum</b> |
| <p>Merit: 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>Merit-related criteria/factors which may be considered include:</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>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>Provide justification on page 2 of this document.</p> <p>Provide justification on page 2 of this document.</p> |   |
| <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>                                |
|  |                        |   |   |
| <b>AGENCY HEAD APPROVAL (signature):</b>   |                        | <b>APPROVED:</b>  | <b>DATE:</b>                                |
| Base Pay Adjustment: _____   |                        | <b>DENIED</b>   |   |
| <b>OSER APPROVAL:</b>  |                        | <b>APPROVED:</b>  | <b>DATE:</b>                                |
| Base Pay Adjustment: _____   |                        | <b>DENIED</b>   |   |
| <b>AGENCY CONTACT NAME:</b>  |                        | <b>CONTACT PHONE NO:</b>  |   |

**JUSTIFICATION:**

OSER-DCLR-220 (01/2012)  
WI HR Handbook Chapter 550

**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.
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).**