

<b>HRXX – Discretionary Merit Compensation</b>	
<b>Purpose</b>	<p>Discretionary Merit Compensation (DMC) shall be granted in accordance with the applicable provisions of the 2011-2013 Compensation Plan and the administrative procedures described within this directive. These provisions provide the Secretary of Revenue the discretion to provide eligible employees economic recognition for merit, to address pay equity or for retention purposes.</p> <p>The Department of Revenue will consider DMC recommendations at times and on a schedule as determined by the Secretary. DMC recommendations will typically be considered once per year, before the end of the fiscal year. The Secretary will notify department appointing authorities when DMC recommendations will be considered. DMC recommendations based on retention, however, may be considered at any time.</p>
<b>Eligibility</b>	<p>These provisions apply to permanent and project employees in positions allocated to classifications assigned to broadband pay schedules and unclassified employees not serving a fixed term. The provisions also apply to classified permanent and project employees in positions allocated to classifications assigned to non-broadband positions, excluding Crafts Worker and related employees and employees in the public safety bargaining unit, for merit-related lump sum DMC only.</p> <p>All employees, who are in pay status, in positions allocated to classifications assigned to broadband pay schedules, unclassified employees not serving a fixed term, and classified permanent and project employees in positions allocated to classifications assigned to non-broadband positions (excluding all Crafts Worker and related employees and employees in the public safety bargaining unit) are eligible to be considered for a DMC, <u>except</u> the following:</p> <ul style="list-style-type: none"> <li>• An employee whose job performance in the previous fiscal year was rated below satisfactory (needs improvement or unsatisfactory);</li> <li>• A supervisor who did not complete performance evaluations during the previous 12 months on all subordinate employees for whom performance evaluations are required;</li> <li>• An employee paid at or above the applicable pay range maximum may not receive a base building DMC; and,</li> <li>• A trainee eligible for scheduled trainee increases.</li> </ul> <p>A classified employee in a non-broadband pay range may not receive a base building DMC, and any lump sum DMC received shall be for merit only.</p>
<b>Adjustment Amounts and Limitations</b>	<p>Eligible classified employees may be granted DMC in any amount up to four (4) within range pay steps (WRPS) per fiscal year, subject to the pay range maximum. A DMC may be granted as a base pay adjustment, in a lump sum payment, or in combination. A classified employee in a non-broadbanded pay range may not receive a base building DMC, and any lump sum DMC received shall be for merit only.</p>

<b>HRXX – Discretionary Merit Compensation</b>	
	<p>Eligible unclassified employees may be granted DMC in any amount up to two (2) WRPS per fiscal year for merit only, subject to the pay range maximum. Awards may be granted as base pay adjustments or lump sum payments, or in combination. Eligible unclassified employees who may not receive a lump sum DMC payment include: Department Secretary, Deputy Secretary, Executive Assistant and unclassified Division Administrators.</p> <p>An employee may receive multiple adjustments during the fiscal year; however, the total adjustment may not exceed the applicable WRPS limitations. The WRPS fiscal year limits include adjustments granted by one or more agencies.</p> <p>In exceptional circumstances, the Secretary of the Department of Revenue may submit a request to the Director of the Office of State Employment Relations (OSER) to exceed the two or four WRPS limitation. This request must be accompanied by a comprehensive justification.</p>
<b>Funding</b>	<p>DMC are not considered "salary adjustments" for which supplemental allotments may be provided under s. 20.865, Wis. Stats. and are, therefore, funded out of the agencies authorized budget authorized. Budget considerations must figure into the granting of these adjustments. When it is in the best business interest of the agency, and the agency is capable of absorbing the cost out of the salary line without reducing service levels, a DMC may be appropriate.</p>
<b>Criteria</b>	<p>The following criteria will be considered in granting DMC to eligible classified employees:</p> <ul style="list-style-type: none"> <li>• <i>Merit:</i> The employee demonstrates outstanding performance and makes outstanding contributions in support of the Department's mission and goals.</li> </ul> <p>Criteria that will be considered in determination of award are:</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 in support of the Department's mission and goals.</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>Other criteria which may be also be considered are:</p> <ul style="list-style-type: none"> <li>▪ Employee has new permanent job duties and/or responsibilities of growing importance to the department that have been either newly assigned or were an evolution of their originally assigned</li> </ul>

<b>HRXX – Discretionary Merit Compensation</b>	
	<p>functions. The new duties are of greater scope, impact and/or complexity compared to the previous functions.</p> <ul style="list-style-type: none"> <li>▪ Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position, and contribute to the department's mission and goals.</li> </ul> <ul style="list-style-type: none"> <li>• <i>Pay Equity:</i> 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 direct supervisor and his/her direct reports; or, established labor market data identifies the need to award market adjustments in order to achieve equity with external public/private employers.</li> <li>• <i>Retention:</i> The employee possesses skills/competencies that are in high demand in other organizations (public or private sector), or loss of the employee's knowledge and experience would be a detriment to the agency. This loss of knowledge would disrupt operations and, therefore, require a pay adjustment be made in order to retain this key employee. Documentation should be provided, such as market survey data from OSER or professional trade publications, or a bona fide offer to the specific employee from another organization (public or private).</li> </ul> <p>Eligible unclassified and non-broadbanded classified employees may only be awarded DMC's based on merit, as defined above.</p>
<b>Procedures</b>	<ol style="list-style-type: none"> <li>1. Recommendations are initiated by completing the OSER DMC form (form #). Recommendations must include a written justification that specifically describes the reason(s) for granting the award and the type of award recommended (base building or lump sum). Note: Employees may self-nominate in writing to their supervisor not more than once per fiscal year.</li> <li>2. Recommendations, along with any supporting documentation, are submitted to the Appointing Authority through the appropriate chain-of-command.</li> <li>3. The Appointing Authority reviews recommendations for appropriateness, consistency of treatment, equity with other similarly situated staff, and pay range maximum limitations.</li> <li>4. The Appointing Authority forwards the completed justification with the specific recommendation to the Bureau of Human Resource Services for consideration.</li> <li>5. The Bureau of Budget &amp; Business Operations will be consulted specifically for purposes of ensuring sufficient funds are available.</li> <li>6. The Bureau of Human Resource Services forwards recommendations to the Office of the Secretary for review. The Secretary, or his/her designee, has the ultimate authority to internally approve, modify, or deny DMC recommendations for the department. Department recommendations are</li> </ol>

<b>HRXX – Discretionary Merit Compensation</b>	
	<p>then sent to and subject to OSER approval prior to any award being made.</p> <p>7. For DMC recommendations approved by the Secretary, or his/her designee, the DOR Human Resources Director will:</p> <ul style="list-style-type: none"> <li>• Submit to OSER for final review and approval</li> <li>• Upon final OSER approval, develop an acknowledgment letter for the Secretary's, or designee's, signature to inform the employee of the award;</li> <li>• Notify payroll to process the award; and,</li> <li>• File a copy of the acknowledgement letter in the employee's personnel file.</li> </ul> <p>8. For denied requests, the Human Resource Services Director will notify the Appointing Authority of the denial.</p>
<b>Effective Date</b>	<p>A DMC may be granted at any time during the fiscal year. The effective date of a DMC shall be the beginning of the first pay period following "effective receipt". Effective receipt is the date of approval by the Secretary or designee. No DMC may be retroactive. No DMC may be granted on the effective date of an appointment.</p>
<b>Monitoring and Reporting</b>	<p>The Bureau of Human Resource Services shall be responsible for recording DMC and providing reports to the Office of State Employment Relations as directed.</p>

Contact: Human Resource Services Director  
 Created: December 13, 2011

**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>			
<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>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>			
<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>Budget Approval (Funding approval only):</b>	<b># Prior WRPS in Same FY:</b>
<b>Recommended By (Supervisor):</b>		<b>Date:</b>	<b>Division Administrator Approval:</b>
			<b>Date:</b>
			<b>PUA in last 12 months:</b>
			<input type="checkbox"/> No <input type="checkbox"/> Yes Effective Date: _____
			<b>Date:</b>
<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>	

<b>CRITERIA (Check all that apply):</b>	
<input type="checkbox"/> Merit	Employee received performance evaluation within last 12 months
<input type="checkbox"/>	Employee is a supervisor and has completed required performance evaluations for all subordinates
<input type="checkbox"/> Pay Equity	Employee is a supervisor and has completed required performance evaluations for all subordinates
<input type="checkbox"/> Retention	Employee is a supervisor and has completed required performance evaluations for all subordinates
<b>JUSTIFICATION NARRATIVE (Provide specifics and supporting documentation below):</b>	

## 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).