



## ADMINISTRATIVE POLICIES AND PROCEDURES

No:

### Discretionary Merit Compensation

Issue Date: 8/13/2012

Supersedes:

**Purpose of Policy:** In accordance with Section J of the State of Wisconsin Compensation Plan, the appointing authority has the discretion to grant Discretionary Merit Compensation (DMC) awards. This policy applies to all permanent and project employees of the Department of Safety and Professional Services including unclassified employees.

**Policy:** All permanent and project classified employees and unclassified employees in the Department are eligible to be considered for 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 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 base-building DMC.

DMC is not intended to be used as a general economic adjustment but rather to provide the agency with the discretion to provide economic recognition for “merit”, to address “pay equity” or “retention” needs. The granting of, denial of or amount of any DMC award is not grievable. The following criteria can be used to justify a DMC award:

- **Merit** - sustained exemplary performance of unusually difficult or sensitive work assignments that results in a major contribution to meeting the mission of the department or demonstration of strong leadership in strategic planning efforts.
- **Pay equity** - a situation where the employee is determined to have a salary that is lower than other employee(s) performing the same type of work at the same level of proficiency and with comparable years of relevant service or a significant compression between employees’ and supervisor pay.
- **Retention** - the agency is aware that the employee is actively seeking other employment, or the employee actually has a job offer in hand and the resultant 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.

Depending on the type of position (e.g., classified in a broadbanded schedule, classified in a non-broadbanded schedule, unclassified) the eligible employee is allocated to, the DMC award may be base building, lump sum or a combination of base building and lump sum. Also, the criteria for the DMC

awards differ depending on the type of position. For each employee group, the following chart shows the applicable criteria, type, amount and yearly limits.

<b>Employee group</b>	Classified permanent and project employees assigned to <b>broadbanded</b> schedules	Classified permanent and project employees assigned to <b>non-broadbanded</b> schedules	The following unclassified positions: Chief Legal Counsel, Communications Director, Legislative Advisor	The following unclassified positions: Dept Secretary, Deputy Secretary, Executive Assistant, Division Administrators, Bureau Directors
<b>Criteria</b>	Merit Pay, Equity, Retention	Merit	Merit	Merit
<b>Type</b>	Base building, lump sum, or combination of base building and lump sum	Lump sum	Base building, lump sum, or combination of base building and lump sum	Base building
<b>Amount</b>	Any amount up to 4 within range pay steps (WRPS) or the equivalent of 4 WRPS multiplied by 2088 for lump sum payments. Base building awards are subject to the pay range maximum.	Any amount up to the equivalent of 4 WRPS multiplied by 2088.	Any amount up to 2 WRPS or the equivalent of 2 WRPS multiplied by 2088 for lump sum payments. Base building awards are subject to the pay range maximum.	Any amount up to 2 WRPS
<b>Yearly limit</b>	An employee may receive more than one DMC award during a fiscal year but the total granted may not exceed an amount equivalent to 4 WRPS.	An employee may receive more than one DMC award during a fiscal year but the total granted may not exceed an amount equivalent to 4 WRPS.	An employee may receive more than one DMC award during a fiscal year but the total granted may not exceed an amount equivalent to 2 WRPS.	An employee may receive more than one DMC award during a fiscal year but the total granted may not exceed an amount equivalent to 2 WRPS.

The DSPS DMC policy and administrative procedures must be reviewed and approved by the Office of State Employment Relations (OSER), Division of Compensation and Labor Relations (DCLR). After review of the policy and administrative procedures, the Department's appointing authority will receive authorization to recommend DMC awards. Consideration must be applied in a uniform manner

throughout DSPS. DCLR must review and approve each recommendation from DSPS prior to granting the DMC award.

The Department will consider a limited number of DMC recommendations at times and on a schedule as determined by the Secretary. The DMC schedule will generally be shortly before the end of the fiscal year but may be more often as the Secretary determines. Division Administrators will be informed of when DMC recommendations will be considered. DMC recommendations on the basis of retention may be considered at any time.

Procedures for submitting a DMC is as follows:

- The supervisor completes the Justification for Discretionary Merit Compensation (DMC) Award form (OSER-DCLR-220 3/2012 revision) found on Connect-U, the DSPS intranet.
- Supervisors submit the completed form to their Division Administrator. If the Division Administrator approves it, the DA will send it for Budget Approval.
- After Budget Approval, the Division Administrator will send it to Human Resources for review.
- After Human Resources completes their review, they will make recommendations to the Secretary.
- If the Secretary concurs with Human Resources' recommendations, the DMC Justifications will be sent to OSER/DCLR for final approval.

Employees may submit a self-nomination for a DMC award in writing to their supervisor no more than once per fiscal year. Self-nominations must identify the criteria (i.e. merit, pay equity, retention) and include a justification with specific details. The Supervisor will inform an employee if their recommendation is not submitted for consideration by the Secretary.

The effective date of an approved DMC award will be the beginning of the first pay period following effective receipt of the DMC recommendation in the Human Resources Office. The Human Resources Office will notify the Division Administrator when DMC awards have been approved or denied by OSER/DCLR.

Questions or concerns regarding this policy should be directed to the DSPS Human Resources Director.