

Office of State Treasurer
Discretionary Merit Compensation (DMC) Policy

Background:

The Discretionary Merit Compensation Adjustment (DMC) allows the department to provide timely economic recognition for significant and permanent changes in job duties, increased competencies, or to address pay equity or retention needs. Criteria for awarding DMCs will be provided to all eligible employees.

Eligibility Criteria:

- All employees whose classifications are assigned to broadband pay schedules and unclassified employees not serving a fixed term.
- All employees classified permanent, or an employees classified project employees that are in positions allocated to classifications to non-broadband positions are eligible for merit related lump sum DMC only.
- All supervisors must have completed performance evaluations of subordinates within the past 12 months to be eligible for a DMC.

Pay Increase Amounts:

Employees whose classifications are assigned to broadband pay schedules may receive awards of up to four (4) within range pay steps may be made per fiscal year. The award may be base building or lump sum. No employee may receive a base building award which will cause his or her hourly rate of pay to exceed the maximum of the pay range.

Employees in unclassified positions not serving a fixed term are eligible to receive an award in any amount up to two (2) within range pay steps for merit only per fiscal year subject to the maximum of the pay range.

The Deputy Secretary may not receive DMC lump sum payments.

Funding:

All awards are funded from the employing unit salary line. The salary line cannot be supplemented to cover costs of the awards.

Administrative Procedures:

The State Treasurer has delegated to the Deputy State Treasurer the authority to initiate a DMC award. Each nomination must include at least one specific justification, addressing at least one of the DMC Criteria listed below, and an approved amount, either base building or lump sum.

Prior to Deputy Treasurer approval, the nomination must be reviewed by the State Treasurer and the Deputy State Treasurer. The State Treasurer and the Deputy State Treasurer will independently review DMC recommendations and determine whether appropriate DMC criteria have been met.

Prior to making an award, the appointing authority must determine that necessary funds are available in the budget, with awareness that supplemental budgetary allotments will not be provided. The DMC approval, upon completion and OSER review/approval, will be submitted to the agency's payroll processor. Effective date of the award, if approved, will be the beginning of the pay period subsequent to DMC approval.

The Deputy State Treasurer will ensure that no DMC award recipient receives more than the four-step increase maximum per fiscal year.

Criteria for Granting DCA:

DMC's may be awarded based on one of the following criteria:

Merit: 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 (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).

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

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 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.

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.

Recommendations for a DMC may be made at any time and must include justification through the Justification for DMC Award form which specifically describes the reasons for granting the DMC and the type and amount of award recommended (base building or lump sum).

Effective Date:

DMC s may be granted at any time during the fiscal year. The effective date of the adjustment will be the beginning of the first pay period following effective receipt of the DMC recommendation.

Reporting:

The State Treasurer's Office will submit DMC award recommendations via the Justification for DMC Award form to the Office of State Employment Relations (OSER) for approval.

JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

AGENCY:	EMPLOYEE NAME:	CLASSIFICATION TITLE:	PAY SCHEDULE & RANGE:
CRITERIA			
<p>Merit: Employee recognition for superior or meritorious performance. Merit 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>Merit-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 employers.</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>			
JUSTIFICATION	INCREASE AMT. Hourly or Lump Sum	NUMBER OF WRPS OR EQUIVALENT	
Provide justification on page 2 of this document.			
Provide justification on page 2 of this document.			
Provide justification on page 2 of this document.			
DMC RECOMMENDATION			
Old Base Salary	New Base Salary	Funding Source(s):	DMC Effective Date:
Recommended By (Supervisor):	Date:	Budget Approval (Funding approval only):	Date:
		# Prior WRPS in Same FY:	PUA in last 12 months:
			<input type="checkbox"/> No <input type="checkbox"/> Yes Effective Date: _____
		Division Administrator Approval:	Date:
AGENCY HEAD APPROVAL (signature):			
		APPROVED:	DENIED:
		Base Pay Adjustment:	Lump Sum:
OSER APPROVAL:			
		APPROVED:	DENIED:
		Base Pay Adjustment:	Lump Sum:
AGENCY CONTACT NAME:			
CONTACT PHONE NO:			

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.**