

UNIVERSITY OF WISCONSIN SYSTEM
Discretionary Merit Compensation (DMC)
Criteria and Guidelines

Effective: January 1, 2012

Discretionary Merit Compensation (DMC) awards for classified employees allocated to classifications assigned to broadband and non-broadband pay schedules are available at the discretion of management to provide employees with additional compensation. The criteria and guidelines outlined below will enable each UW-institution to use the DMC awards in a consistent and equitable manner. These guidelines were developed by the UW System Administration Office of Human Resources and Workforce Diversity at the request of the Office of State Employment Relations (OSER) to reflect changes in the way the DMC process will be administered by OSER.

DMC Criteria

Following are the criteria for DMC in the University of Wisconsin System. **(PLEASE NOTE: Employees in a non-broadband pay range are limited to lump sum DMC under the merit criteria category only.)**

Merit: 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 (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 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.

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. (This may be evident by employee receiving an outside offer of employment based on the special skills.)

Review Process

DMC recommendations should be made to the UW institution Human Resource Director, who shall review the justification, ensure signatures, and forward to the institution Chancellor or Chancellor's designee.

The Chancellor or designee shall determine whether the recommendation is approved or denied as well as the amount and type of all adjustments. If approved by the Chancellor or designee, the DMC request shall be sent to the "OSER DCLR DMC" inbox (OSERDCLRDMCrequests@wisconsin.gov) with a copy sent to Kathy Mather (kmather@uwsa.edu) in the UW System Office of Human Resources and Workforce Diversity. In addition, the attached spreadsheet must be filled out with the requested information and included with the DMC request.

All DMCs must be approved by OSER prior to being granted.

Effective Receipt

A DMC may be granted at any time during the fiscal year. The effective date of a base building adjustment is the beginning of the first pay period following effective receipt of the recommendation. Effective receipt shall be considered the date the institution's central Human Resources office receives the recommendation (unless the central HR office has delegated effective receipt to an HR office in an employing unit). The effective date of a lump sum DMC is the date the payment is made. No DMC may be retroactive.

Amount/Frequency

A combination of base pay adjustments and lump sum payments up to four within-range steps may be granted to an employee in any given fiscal year **except** employees in a non-broadband pay range. Employees in a non-broadband pay range may receive lump sum DMC under the merit criteria category only. Base pay adjustments are subject to pay range maximums.

The factors to be considered in determining whether to approve a DMC include, but are not limited to, the following:

- Whether the DMC is feasible within the department's budget.
- Whether an employee is on probation.
- Employee's last performance evaluation indicates satisfactory or above performance.
- Whether it is more appropriate to reclassify or reallocate the employee's position.
- Whether previous DMCs were for similar reasons.
- Whether the supervisor completed evaluations within the past 12 months on all subordinate employees for whom performance evaluations are required.

For additional information, please refer to Chapter 540 of the Wisconsin Human Resources Handbook, 'Discretionary Merit Compensation (DMC) Guidelines.'

JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

AGENCY:	EMPLOYEE NAME:	CLASSIFICATION TITLE:	PAY SCHEDULE & RANGE:
CRITERIA		JUSTIFICATION (PROVIDE SPECIFICS AND DETAILS)	INCREASE AMT. Hourly or Lump Sum
<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>		<p>Provide justification on page 2 of this document.</p> <p>Provide justification on page 2 of this document.</p> <p>Provide justification on page 2 of this document.</p>	NUMBER OF WRPS OR EQUIVALENT
DMC RECOMMENDATION		DMC Effective Date:	
Old Base Salary	New Base Salary	Funding Source(s):	PUA in last 12 months: No Yes Effective Date:
Recommended By (Supervisor):	Date:	Budget Approval (Funding approval only):	Human Resources Director Approval:
CHANCELLOR APPROVAL (signature):		DATE:	
OSER APPROVAL:		DATE:	
UW INSTITUTION HR CONTACT NAME:		CONTACT PHONE NO.:	

JUSTIFICATION:

CRITERIA (Check all that apply):	
<input type="checkbox"/> Merit	<input type="checkbox"/> 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	<input type="checkbox"/> Employee is a supervisor and has completed required performance evaluations for all subordinates
<input type="checkbox"/> Retention	<input type="checkbox"/> 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.

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.

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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.

JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

AGENCY:	EMPLOYEE NAME:	CLASSIFICATION TITLE:	PAY SCHEDULE & RANGE:
CRITERIA		JUSTIFICATION	INCREASE AMT. Hourly or Lump Sum
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DMC RECOMMENDATION		Provide justification on page 2 of this document.	
Old Base Salary	New Base Salary	Funding Source(s):	# Prior WRPS in Same FY:
			PUA in last 12 months: ___ No ___ Yes Effective Date: ___
Recommended By (Supervisor):	Date:	Budget Approval (Funding approval only):	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):

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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.**