Optional Pay Adjustments – Implementation Guidelines

Revised 4/2/14

The implementation requirements for Optional Pay policies are as follows:

- Each agency must develop, adopt and post a written policy. The policy must cover the circumstances of any increases given.
- Optional Pay Adjustments must be implemented in accordance with written policies and procedures established by the department.
- Optional Pay policies must be submitted to State Civil Service for approval by the SCS Commission prior to implementation.
- Optional Pay adjustments are limited to permanent employees and cannot duplicate payment received pursuant to other pay rules.
- Employees who are at range maximum are only eligible for lump sum payments.
- The names of recipients and the amounts must be posted at the agency.
- Optional Pay adjustments, given for any or a combination of the four reasons, shall not exceed 10% in a fiscal year.
- Agencies must submit an annual report by July 31 to State Civil Service detailing payments made to employees under this policy.

Optional Pay adjustments may be granted for the following four reasons only:

- **Matching a Job Offer** - To provide for the retention of an employee whose loss would be detrimental to the agency.
- **Compression Pay** - To adjust for compression pay between comparable employees.
- **Recruitment** - To recruit employees into difficult to fill positions.
- **Additional Duties** - To compensate employees for performing additional duties of either a permanent or temporary nature.

Once an agency has a SCS Commission approved Optional Pay policy, adjustments for matching a job offer, salary compression, additional duties, and recruitment do not require Commission approval for each instance.

When deciding whether to grant an Optional Pay adjustment, you should consider the following information in accordance with your agency's Commission-approved policy:

Matching a Job Offer

This provision allows a state agency to provide for the retention of an employee whose loss would be detrimental to the agency. The job offer must be from a private employer, a non-state governmental entity, or an unclassified position in a different state agency. The agency must verify the job offer before granting the Optional Pay Adjustment. In some cases, it may not be possible for the employee to obtain a written job offer. In those rare cases, if the agency is able to verify the job offer and salary offer by telephone, it is permissible to grant an adjustment as long as the agency's policy allows for such situations. **If an employee has a verified, written job**

offer from a non-state employer or unclassified job offer in a different state department, the agency may give the employee a 10% adjustment under their Optional Pay policy. The agency may ask the Commission to authorize an increase greater than 10%.

Compression Pay

This provision allows a state agency to adjust pay differentials between comparable employees. Sometimes the mechanics of the pay plan and the implementation of various State Civil Service Rules cause the compression of pay rates of employees. There is no State Civil Service Rule that says that an employee who either has more state service than another employee or is in a higher position than another employee must have a higher salary. However, if there are salary compression problems, an agency may want to address them under this rule.
The Appointing Authority should consider the employees' length of service, the proximity of the positions, and what affect the increase will have on other employees before granting salary compression adjustments. It is perfectly logical that a 20-year employee in a staff-level position will have a higher salary than a supervisor with just 7 years of service. However, if the supervisor has 20 years of service and makes less than the subordinate staffer with 7 years of service, you may want to give an increase to the supervisor. **This allows the appointing authority to grant a pay increase of up to 10% of the employee's base pay to reduce pay compression, realign pay between comparable employees, or alleviate supervisor/subordinate pay inversions cause by job and pay plan changes.**

Recruitment

Out of all of the Optional Pay provisions, this one is used least frequently by state agencies. Payments made under this option should be restricted to those areas with the highest turnover and the most recruiting difficulties. Justification for the adjustment, i.e., critical operations hindered or shut down, responses to prior internal postings produced no suitable candidates, undesirable work location or conditions, etc. is required to be maintained by the agency. **The appointing authority may grant a pay increase of up to 10% of the employee's base pay to recruit employees into a position for which recruiting is difficult.**

For example, DOTD has adopted a policy whereby the agency reviews turnover and recruiting statistics each year to determine jobs that are difficult to recruit. Based upon the findings, DOTD's Optional Pay policy allows an adjustment of 10% to employees that are hired into the difficult to recruit jobs upon attainment of permanent status. For adjustments based on an inadequate pool of candidates, the DOTD policy requires the certificate of eligibles and any other criteria used in determining the inadequacy.

In order to recruit existing employees into critical vacancies, DOTD's policy also allows internal job postings to include a statement advising permanent employees that a 10% adjustment may be granted to the selected candidate, provided the employee commits to the job for a minimum of one year. This adjustment is granted in addition to any monies received through Rule 6.7 for promotional pay.

Additional Duties

This provision allows a state agency to compensate employees for performing additional duties of either a permanent or temporary nature. Payments made under this option are, by far, the most difficult to address. Payments for additional duties can become a "slippery slope" which can lead to abuse if an agency is not careful.

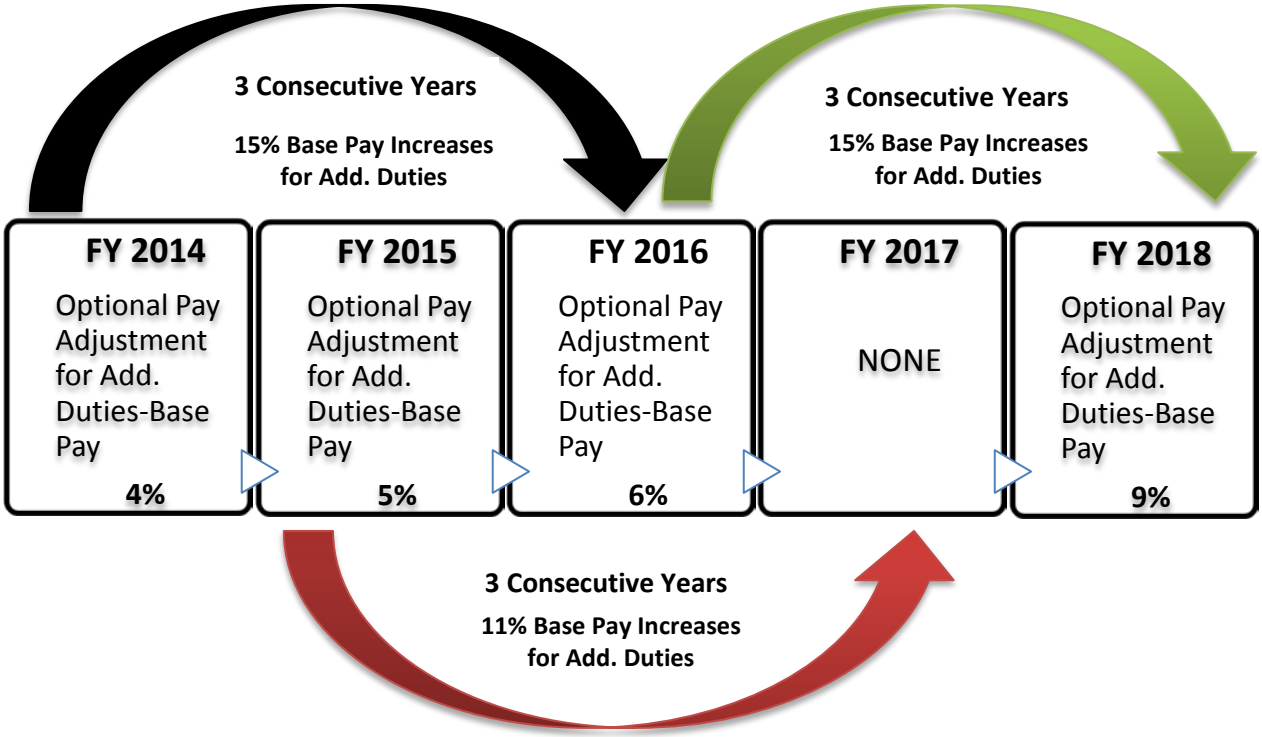
When an Appointing Authority desires to grant a permanent base pay adjustment to an employee for the performance of additional duties, the official position description (SF-3) must be updated to clearly indicate the additional duties prior to granting adjustments.

Optional Pay for additional duties may be granted as a base pay or lump sum payment of up to 10% within a fiscal year. Guidelines allow agencies to grant up to 7% for additional duties under their own authority but must request authority from the Civil Service Commission for the remaining 3% if they wish to give the full 10% to the employee. Effective April 2, 2014, an employee may not receive more than 15% **base pay** increases for additional duties within three consecutive years.

The example below illustrates the use of granting optional pay adjustments while adhering to the base pay or lump sum payment of up to 10% within a fiscal year. Additionally, this example illustrates the restriction of an employee receiving no more than 15% base pay increases for additional duties within three consecutive years.

Employee A			
	Types of Optional Pay Given	**Total Optional Pay % Given in FY**	**Total Opt Pay- Additional Duties % Given in FY**
FY 1	7% Job Offer 3% Additional Duties – Base Pay	**10%**	3%
FY 2	5% Compression 5% Additional Duties – Base Pay	**10%**	5%
FY 3	3% Recruitment 7% Additional Duties – Base Pay	**10%**	7%
			15%

What is 3 Consecutive Years?



Questions to Consider When Granting Optional Pay Adjustment for Additional Duties

- **Are there some duties that will be taken away from the employee to make room for the new duties, or, are the duties truly in addition to all that the employee is currently assigned?**
  If the new duties replace some of the older duties, the new duties may not be considered as additional.
- **Do the duties result from the natural evolution of the job?**
  All jobs change over time as technology and programs change. New technology and/or new programs do not necessarily equate to a more difficult job. Volume of work also fluctuates in jobs.
- **Are the duties at an equivalent level or lower than the employee's current job?**
  If the duties are either equivalent or lower in complexity than the employee's current job, you should be extremely careful about granting an increase. Almost all employees are asked at some point in their career to take on duties at an equivalent or lower level.
- **Are the duties at a higher level than the employee's current job?**
  If so, you should make sure that the employee should not be reallocated. If the duties are at a higher level, but not enough to justify a reallocation, you may want to consider granting an adjustment.
- **What is the level of the employee for whom the adjustment is being requested?**
  Payment for additional duties for employees who are in executive and administrative jobs should be examined very closely. For most employees at this level, the job entails

doing whatever is necessary to administer the section/program/etc. It is the responsibility of executives and administrators to come up with innovations and implement them.

Deciding the Amount of an Optional Pay Adjustment for Additional Duties

When deciding the amount of an Optional Pay Adjustment, the situation should be compensable in accordance with agency precedent. Additional considerations include weighing the scope and complexity of the additional duties in order to determine the amount of the adjustment. For example, if the additional duties are not enough to warrant a reallocation, should the payment be 7% (equal to a reallocation or promotion)? It is more appropriate to make adjustments of 1% - 3% for duties at the same or a lower level and of 4% - 5% for duties at a higher level. It is only in rare cases that adjustments for additional duties should be from 6% - 7%.

Deciding Between a Base Pay or Lump Sum Adjustment for Additional Duties

Base pay adjustments are reserved for permanent duty changes only. However, employees who are at range maximum are only eligible for a lump sum payment.

Adjustments for temporary additional duties may be awarded as a one-time lump sum, or the lump sum can be spread out over the length of the project in bi-weekly payments. A one-time lump sum can be an incentive for an employee to stay and finish a project. If the payment is not made until the project is finished and the employee has either quit working on the project or has left the position, the employee will not receive the Optional Pay Adjustment. This can be a cost saver for the agency, as one-time payments also require less payroll processing.

Bi-weekly lump sum payments spread out over the length of the project may be more feasible for projects exceeding six months. A payment of this type will entail more payroll processing and the employee must be made aware of the temporary nature of this type of increase. The agency's policy must include this option in order to award payments in this manner.

Optional Pay for Additional Duties vs. Detail to Special Duty

In certain instances, a detail to special duty may be a more appropriate option where higher level additional duties are assigned rather than the application of Optional Pay. When an employee assumes the entire work load of another job, rather than a portion thereof, a detail is the most appropriate action to take. Generally, details are used when an employee is being temporarily moved into a position that is vacant. Appointing Authorities should be aware of the policy standards regarding the use of details.