POLICY STANDARDS

Requirements for establishing an Optional Pay Policy under Civil Service Rule 6.16.2 include the following:

- The Optional Pay policy must be submitted to the Department of 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 a lump sum payment and cannot receive lump sum payments in consecutive years, even if the reasons for the adjustment are different.

- The names of recipients and the amounts must be posted at the agency.

- Agencies must submit an annual report by July 31 to State Civil Service detailing payments made to employees under this policy during the previous fiscal year ending June 30.

Optional Pay adjustments, given for any one or a combination of the following reasons, shall not exceed a total of 10% in a single fiscal year*:

- **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 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.
    - **Commission guidelines allow agencies to grant up to 7% for additional duties for a single instance or a combination of instances under their own authority. Agencies must request SCS Commission approval for the remaining 3%, if the agency wishes to grant the full 10% to the employee.**

IMPLEMENTATION GUIDELINES

Matching a Job Offer

This provision SCS Rule 6.16.2(a) allows a state agency to provide for the retention of an employee whose loss would be detrimental to the agency. 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%.

The job offer must be from a private employer, a non-state governmental entity, or an unclassified position. 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.

Compression Pay

This provision under SCS Rule 6.16.2(b) allows a state agency to adjust pay differentials between comparable employees and allows an 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. 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.

Recruitment

This provision under SCS Rule 6.16.2(d) allows an appointing authority to grant a pay increase of up to 10% of the employee's base pay to recruit permanent employees into a position for which recruiting is difficult. Out of all the Optional Pay provisions this one is used the 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.

> Example: an agency 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, the agency'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 agency's policy requires the certificate of eligibles and any other criteria used in determining the inadequacy as documentation.

In order to recruit existing employees into critical vacancies, the Agency'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 C.S. Rule 6.7 for promotional pay.

Additional Duties

This provision allows under SCS Rule 6.16.2(c) 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.

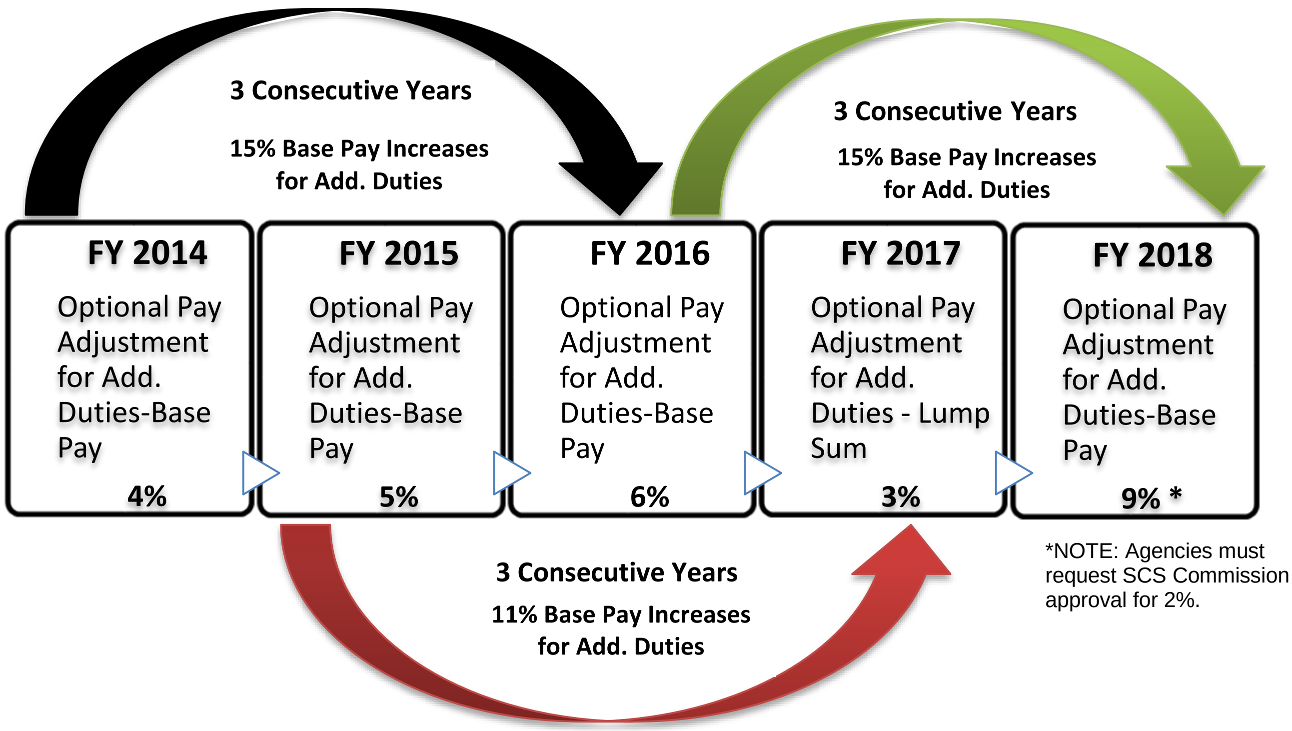
Optional Pay for additional duties may be granted as a base pay or lump sum payment of up to 10% within a fiscal year. Commission guidelines allow agencies to grant up to 7% for additional duties for a single instance or a combination of instances under their own authority but must request authority 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% Compression 3% Additional Duties - Base	**10%**	3%
FY 2	5% Job Offer 5% Additional Duties – Lump*	**10%**	*5%
FY 3	3% Recruitment 7% Additional Duties - Base	**10%**	7%
Total % of Opt Pay for Additional Duties Given within three consecutive fiscal years. *Lump sum optional pay adjustments do not count towards 15% restriction within three consecutive years. However, lump sum optional pay adjustments do count towards total optional pay of 10% within a fiscal year.			**10%**

<u>What is 3 Consecutive Years?</u>



<u>Deciding Between a Base Pay or Lump Sum Adjustment for Additional Duties</u>

BASE PAY ADJUSTMENTS

Base pay adjustments are reserved for permanent duty changes only. 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 must be updated to clearly indicate the additional duties within thirty days of the adjustment.

Employees who are at range maximum are only eligible for a lump sum payment and cannot receive lump sum payments in consecutive years, even if the reasons for the adjustment are different.

LUMP SUM ADJUSTMENTS

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 biweekly 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 require less payroll processing.

Biweekly recurring lump sum payments spread out over the length of the project may be more feasible for projects exceeding six months. However, 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. This type of payment should only be issued for the duration of the duties, not to exceed one year, and an end date shall be established in LaGov HCM or other payroll systems. If the duties will continue past one year, the agency is required to obtain new approval from the appointing authority and maintain this documentation in the employee's personnel file.

All calculations for lump sum adjustments, whether one-time lump sum or biweekly recurring lump sum, must be based on an employee's base pay at the time the duties were assigned. Therefore, recalculating lump sum adjustments to reflect pay increases (i.e. promotions, reallocations, performance adjustments, etc.) that may occur throughout the duration of the duties is not permitted. At the point the agency determines the duties are needed beyond one year and the appointing authority has approved an optional pay adjustment for an additional year, the agency may recalculate the optional pay based on the employee's base pay at that time.

NOTE: For additional information on how to calculate lump sum Optional Pay adjustments, refer to Job Aids and Resources – Calculating Lump Sum Optional Pay for Temporary Additional Duties.

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%.

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.

For additional information, see **Job Aids and Resources: FAQs – Optional Pay for Additional Duties**.