

Office of Human Resources
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

DIVISION OF ADMINISTRATION

PERSONNEL POLICY NO. 38

EFFECTIVE DATE: July 1, 2018

PREVIOUS VERSIONS: 9/13/2000 (Original); 9/12/01; 7/14/04; 5/7/08; 11/10/10;
7/11/12; 7/16/14

SUBJECT: Optional Pay Adjustments

AUTHORIZATION:


Barbara Goodson, Appointing Authority

I. PHILOSOPHY:

Under the provisions of State Civil Service Rule 6.16.2, Optional Pay Adjustments, the Division of Administration (DOA) may employ Civil Service Rule 6.16.2 as a compensation strategy to address certain pay issues for permanent classified employees. Similar strategies also may be used for unclassified employees.

II. POLICY:

In compliance with State Civil Service Rule 6.16.2, Optional Pay Adjustments, the Division of Administration will consider granting optional pay to full-time permanent classified employees who have received a "Successful" or above performance evaluation for the last rating year. An employee who is "Un-rated" or "Not Evaluated" may be eligible for an Optional Pay Adjustment. Pay may be granted as: 1) an adjustment to base pay on a permanent basis, 2) a lump sum award, or 3) a combination of an adjustment to base pay and a lump sum award under the following conditions:

- A. To provide for the retention of an employee whose loss would be detrimental to the agency and who has received a verifiable job offer.

- B. To reduce pay compression when the appointing authority believes there are circumstances which warrant an adjustment.
- C. To recruit employees for difficult-to-fill positions.
- D. To compensate employees for performing significant additional duties on a permanent basis or on a temporary basis when circumstances warrant.

III. APPLICABILITY:

This policy shall be applicable to all full-time permanent classified employees in all sections within the Division of Administration, both general appropriation and ancillary appropriations.

IV. PROCEDURE:

Nomination for optional pay adjustments should be made by the section head and presented to the appointing authority for final approval. Pay adjustment requests may include requests for:

- (1) a base pay increase of up to 10% of an employee's annual base salary (not to exceed the maximum of the pay range), for II. A, B, C above, or
- (2) a lump sum payment of up to 5% of an employee's annual base salary for significant additional temporary duties, which may be given as a one-time payment or distributed over several pay periods, or
- (3) a combination of a base pay increase and a lump sum payment of up to 5% of an employee's annual base salary for significant additional permanent duties. Base pay increases shall not exceed the maximum of the pay range. If a proposed base pay increase would raise an employee over the maximum of the pay range, the employee may be given a permanent increase to the maximum of the range and the remaining percent of the proposed increase may be given in a lump sum.

Such increases shall be granted in addition to an annual market adjustment (if applicable) and shall not duplicate payment received pursuant to other Civil Service pay rules. An employee may receive more than one type of optional pay adjustment in a July 1 to June 30 period as long as the total amount awarded does not exceed 10% of his base salary.

Employees receiving optional pay for temporary or permanent additional duties and who are at the range maximum may only receive a lump sum payment. They may not receive a lump sum or an increase to base pay the following year even if the range maximum increases.

Requests for application of this rule must include the required justification and documentation, and be submitted by the section head to the appropriate appointing authority. Final authority will rest with the appointing authority, and will also be dependent upon sufficient funding.

A listing of all recipients who receive pay adjustments under the provisions of this rule will be posted for a one month period on an annual basis in the main office of each section.

Justification and documentation must be included as follows:

A. To provide for the retention of an employee whose loss would be detrimental to the agency and who has received a verifiable job offer.

A request may be made for an employee to receive an increase, **up to 10%** of his annual base salary, to match a verifiable job offer. The job offer must be from either a private employer, a non-state governmental entity, i.e. Federal Government, or if from another state department it may only be for an unclassified position. If the job offer is from a private employer, it must be from a legally operated business, i.e. an incorporated business or a business that possesses a current occupational license. The appointing authority has the final decision in determining the legitimacy of an enterprise should insufficient documentation be provided. The employee must be judged by the section head and appointing authority to be important to the agency because he possesses special skills or knowledge.

Employees at range maximum shall not be eligible for this payment.

Required Documentation:

1. A completed Personnel Action Request (PAR) which references State Civil Service Rule 6.16.2, and reflects the amount of the increase being requested (%).
2. A copy of the actual job announcement/advertisement for the position being offered, when available.
3. A copy of the written salary offer (on company letterhead or reasonable substitute) from the employer making the offer. If a written offer is not available, information about the verbal offer

must be verified and documented via telephone. The documentation should include the following information:

- a. Name and title of the individual who made the offer,
 - b. Date the verbal offer was made,
 - c. Name of the employer making the offer,
 - d. Position offered,
 - e. Salary offered including perks,
 - f. Name and title of the individual in the section who conducted the verification and the date the verification was conducted.
4. An explanation of why the loss of this employee would be detrimental to the office. For example, if the employee possesses special skills or knowledge, what are those skills/what is that knowledge and how is that skill or knowledge related to the job performed by the employee. If applicable, include the cost in time and/or money of training a replacement.

B. To reduce pay compression when the appointing authority believes there are circumstances which warrant an adjustment.

A request may be made to provide an increase for an employee, up to 10% of his annual base salary, to reduce compression.

Salary compression may occur when managers/supervisors are paid at a rate lower than those that they supervise. Please remember that it is perfectly logical that a 20-year employee in a staff level position will have a higher salary than a supervisor with just seven years of service/experience. However, if the supervisor has 20 years of service/experience and makes less than the subordinate with 7 years of service/experience, an agency may want to give an increase to the supervisor.

Salary compression may also be caused when there is only an insignificant difference in pay between employees in the same job series, despite significant differences in merit factors such as:

- length of total state service
- time in current job series
- skills and experience
- education/credentials
- performance

This often happens when the current employee pay hasn't kept up with increases in the market pay rate resulting in a situation in which new hires

are hired at levels similar to employees who have been with the state for many years. Merit factors should always be taken into consideration and only employees at your agency should be compared.

The DOA/Office of Human Resources (OHR) shall consult with their assigned Compensation Consultant at State Civil Service prior to approval of compression payments for a large group of employees, to the same employee in multiple fiscal years, and/or to address compression not specifically listed above. OHR will maintain text when entering compression payments in the LaGov HCM system, including the employee's name, the comparable employee(s), reason for the payment, and any merit factors used to determine that the compression payment is justified.

When considering a request for optional pay based on a disparate pay situation, section heads should take into account the length of service of the employee(s), the proximity of the position(s) and what effect granting the increase will have on other employees within the section. **Section heads must be careful to avoid creating other disparate pay situations when awarding optional pay to one or more employees.**

Employees at range maximum shall not be eligible for this payment.

Required Documentation:

1. A completed PAR which reflects the amount of pay increase requested.
2. A list of other employees in the section to whom the subject employee is being compared, to include name, title, pay grade, salary, amount of time in the applicable job title, date of hire within the section, and length of time in state service.
3. An explanation of the disparate pay situation, what is the discrepancy, how it occurred, and why the subject employee should have a pay change.
4. A copy of a current organizational chart of the section.

C. To recruit employees for difficult-to-fill positions.

The appointing authority may grant an award to a classified state employee, **up to 10%** of his annual base salary, in addition to any other compensation granted under State Civil Service Rule 6.7 in order to attract said employee into a difficult-to-fill position. Requests should be restricted to those areas with the highest turnover and the most recruiting difficulties.

Employees at range maximum shall not be eligible for this payment.

Required Documentation:

1. A completed PAR which reflects the amount of pay increase requested.
2. An explanation of the position duties, location, environmental conditions or other situation or circumstances that defines the position as difficult-to-fill.
3. Documentation of efforts made to fill the position to include:
 - a. Announcements of the position and ads placed in newspapers and the results,
 - b. Lists of eligibles worked and the results of working those lists of eligibles,
 - c. Turnover statistics (dates the position was vacated, by whom, where the employee went, the reason for leaving, etc.).
4. Information on any applicant currently being considered for the position.

D. To compensate employees for performing significant additional duties on a permanent basis or on a temporary basis when circumstances warrant.

A request may be made to provide an increase of **up to 5%** of an employee's annual base salary for significant additional duties on a **permanent or temporary basis**.

An employee may not receive more than 10% base pay increases within three consecutive years for significant additional duties.

NOTE: The example below illustrates the use of granting optional pay adjustments, up to 10% of an employee's annual base salary within a fiscal year. Additionally, it also illustrates the restriction of an employee receiving no more than 10% base pay increases within three consecutive years for significant additional duties.

| Employee | | | |
|------------------|--|----------------------------------|--|
| Fiscal Year (FY) | Type of Optional Pay Given | Total Optional Pay % Given in FY | Total Optional Pay – <u>Additional Duties</u> % Given within three consecutive FYs |
| FY 1 | 5% Verifiable Job Offer 5% Additional Duties - Base | 10% | 5% |
| FY 2 | 7% Pay Compression 3% Additional Duties - Base | 10% | 3% |
| FY 3 | 8% Recruitment 2% Additional Duties - Base | 10% | 2% |
| | | | 10% |

When considering optional pay for additional duties, whether permanent or temporary, section heads must consider if the additional duties require the employee to acquire new skills or competencies, if the duties are truly additional or will some duties be taken away to make room for the new duties, if the new duties result from the natural evolution of the job, if the duties are at a level higher or equivalent to or lower than the employee's current job, and what is the level of the employee for whom the adjustment is being requested. If the request is for an employee assigned significant additional duties on a permanent basis, consideration must also be given to whether the assignment of these duties could result in (1) a reallocation of the employee's position, or (2) the receipt of additional pay in accordance with another State Civil Service Rule.

Employees receiving optional pay for permanent additional duties and who are at the range maximum may only receive a lump sum payment. The lump sum may be distributed over multiple pay periods, not to exceed one year. Employees may not receive a lump sum or an increase to base pay the following year even if the range maximum increases.

Employees below the range maximum and who are assigned additional duties on a permanent basis may receive a lump sum, increase to base pay, or a combination thereof.

Employees receiving optional pay for temporary additional duties and who are at the range maximum may only receive a lump sum payment at the end of the duration of the duties or payment may be spread over multiple pay periods, not to exceed one year. Should the duties last longer than one year, employees at range maximum may not receive another lump sum the following year even if the range maximum increases.

Employees below the range maximum and who are assigned additional duties on a temporary basis may receive a lump sum payment at the end of the duration of the duties or payment may be spread over multiple pay periods, not to exceed one year. Should the duties last longer than one year, employees may receive a lump sum in consecutive years. However, if the duration of the assignment exceeds one year, a request for payment must be resubmitted to the appointing authority for approval.

Required Documentation:

1. A completed PAR which reflects the amount of pay increase requested and whether the request is for an increase to base pay, a lump sum increase (and if that increase is to be over one or more pay periods), or a combination thereof.
2. A completed "*Optional Pay Adjustment Questionnaire for Additional Duties*". The questionnaire may be obtained from the Office of Human Resources website at:
http://www.doa.la.gov/Pages/ohr/HCM_Forms.aspx
3. A copy of an official updated position description (for permanent duties) which includes the additional duties assigned, along with an estimate of the percentage of the employee's time which will be spent on the new duties. The position description shall be processed by State Civil Service within 30 days prior to granting the adjustment.

V. RESPONSIBILITY:

Deputy/Assistant Commissioners and equivalent are responsible for:

Holding section heads under their supervision accountable for adhering to all aspects of this policy.

Section Heads are responsible for:

Providing all required documentation and justification along with any request for award of optional pay.

Researching other situations in the section, which may be comparable to the situation of the employee recommended for an award, and ensuring there is consistent treatment among employees.

Notifying the Office of Human Resources if temporary projects end sooner than anticipated in order to stop bi-weekly payments to employees.

Maintaining a posting of this policy in work locations available to all employees.

Ensuring that the listing of recipients of optional pay adjustments, received from the Office of Human Resources on an annual basis, is posted in the section and remains posted for a one-month period.

Office of Human Resources is responsible for:

Reviewing requests for award of optional pay for compliance with this policy and making a recommendation to the appointing authority.

Maintaining a record of optional pay adjustments made under this policy for five (5) years for the purpose of audit by the Department of State Civil Service.

Providing a report of all payments to employees to the Department of State Civil Service by July 31st of each year for the prior fiscal year.

Ensuring that this policy and subsequent revisions are provided to section heads for posting.

Ensuring that a listing of all recipients of optional pay adjustments is transmitted to section heads on an annual basis for posting.

Ensuring that a listing of all recipients of optional pay adjustments is posted in the Office of Human Resources for a one-month period on an annual basis.

Ensuring that awards which are lump sums distributed over more than one pay period are ceased when the lump sum award is exhausted, or sooner if notified by the section head that the project has ended.

VI. EXCEPTIONS:

Requests for exceptions to this policy must be in accordance with State Civil Service Rules and policy standards and shall be justified, documented, and submitted to the appointing authority for consideration.