

PPM #16

Policy Name: *Optional Pay Adjustments*

Effective Date: *July 1, 2004*

Revision Date: *January 5, 2011; December 1, 2011; February 1, 2012;
June 4, 2014, July 1, 2018, July 9, 2019*

Authorization: 

Nancy Watkins, Undersecretary

POLICY

In accordance with State Civil Service Rule 6.16.2, *Optional Pay Adjustments*, it is the policy of the Office of the Lieutenant Governor (OLG) and the Department of Culture, Recreation, and Tourism (DCRT) to consider granting optional pay adjustments for the recruitment and retention of employees.

APPLICABILITY

This policy applies to all full-time permanent, classified employees of the OLG/DCRT.

No employee shall receive more than the maximum amount allowed by State Civil Service Rule 6.16.2 within a fiscal year.

IMPLEMENTATION

This policy becomes effective upon the date approved by the State Civil Service Commission. Subsequent revisions shall become effective on the date revisions are approved by the State Civil Service Commission.

POLICY

Provided that funding is available, OLG/DCRT will consider granting either base pay or lump sum adjustment to permanent employees in the following circumstances:

I. MATCHING A JOB OFFER

To provide for the retention of employees deemed essential to the agency.

An employee deemed by the Appointing Authority to be essential to the agency may receive a base pay increase of up to 10% of the employee's base salary to match a written and verified job offer from a private employer, for an unclassified position at another state agency, or a position at a non-state governmental entity. Requests in accordance with this provision must include a written justification of the employee's value to the Department and the impact this adjustment will have on other positions within the applicable division.

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

II. COMPRESSION PAY

The Appointing Authority may grant a base pay increase of up to 10% to an employee to reduce pay compression.

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

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, 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 in to consideration and only employees at your agency should be compared.

If an agency is planning to pay a large group of employees, give compression to the same employee in multiple fiscal years, or would like to address something the agency feels is compression specifically not listed above, please contact your compensation consultant prior to making payment.

When entering compression payments in LaGov, agencies should maintain text about the employee, the comparable employee(s), reason for the payment, and any merit factors used to determine that the compression payment is justified. Non-LaGov agencies should keep this information on file.

III. RECRUITMENT

To recruit employees into difficult-to-recruit jobs.

The Appointing Authority may grant a base pay increase of up to 10%, in addition to any other compensation granted under State Civil Service Rule 6.7, to recruit employees into a position for which recruiting is difficult. A written justification must be provided to and approved by the Human Resources Director prior to announcing a vacancy utilizing this provision. Such justification may include that critical operations have been hindered/shutdown, responses to prior internal postings produced no suitable candidates, undesirable work location or conditions, etc.

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

IV. ADDITIONAL DUTIES

To provide compensation for employees who perform additional duties.

A. Permanent Additional Duties

The Appointing Authority may grant a base pay increase or lump sum payment of up to 5% to an employee who is assigned additional duties on a permanent basis. Such permanent duties shall be documented on an official position description and processed by State Civil Service within 30 days prior to granting the adjustment.

An employee may not receive more than 10% in base pay increases for additional duties within three (3) consecutive years.

B. Temporary Additional Duties

The Appointing Authority may grant a lump sum payment of up to 5% to an employee who is assigned additional duties on a temporary basis. Payment of such a lump sum may be made in one payment at the end of the duration of the duties or may be spread among pay periods for the duration of the assignment not to exceed one year. If the duration of the assignment exceeds one year, a request for payment must be resubmitted to the Appointing Authority for approval.

Employees at range maximum who are assigned additional duties shall only be eligible for a lump sum payment under this provision.

An employee shall not be eligible for either a lump sum or base pay increase for additional duties if he/she has already been compensated according to another State Civil Service Rule.

Employees who are at range maximum cannot receive lump sum payments in consecutive years, even if the reasons for the payments are different.

PROCEDURES FOR OPTIONAL PAY REQUESTS

1. All requests relative to the performance of additional duties must be submitted to the Human Resources Director with the following:
 - a. Position Description, if the assigned duties are permanent; and
 - b. Memorandum of Justification (see #2 below).
2. All requests for application of this rule must be submitted to the Human Resources Director with a memorandum of justification. The memorandum must include specific information such as the employee's name, the proposed effective date of the increase, the start of the activity for the increase, the proposed percentage increase as allowed by this policy, and the specific details justifying the request, i.e., job offer, additional duties, etc.
3. Optional Pay requests must be signed and dated by the Appointing Authority of the requesting agency.
4. Effective date of the increase must be prospective of the request and not retroactive.

POSTING/REPORTING REQUIREMENTS

This policy shall be available to all employees through the OLG/DCRT intranet (Channel Z).

An annual report shall be submitted to the Department of State Civil Service by July 31 detailing payments made to employees under State Civil Service Rule 6.16.2 during the previous fiscal year ending June 30th.

Summary of Changes: Revised policy number (December 1, 2011); Removed requirement to submit the Delegated Optional Pay Report form in accordance with HR Handbook Update No. 2012-001 and changed the posting requirement from bulletin boards to the department's intranet site (February 1, 2012); Minor verbiage changes, removed rule citation, reorganized content and added 15% cap within three consecutive years for additional duties provision to reflect 4/2/14 rule changes, updated basis upon which recruitment increase can be justified (June 4, 2014). Policy updated due to State Civil Service Commission adoption of Pay Rules changes effective July 1, 2018. Removal of the Posting on Channel Z due to each approved request being posted on the HR bulletin board.