

STATE PERSONNEL SYSTEM FY16 COMPENSATION GUIDELINES REVISIONS

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ADOA Classification and Compensation Manager

Compensation Guidelines

- The Compensation Guidelines have been revised and will be effective July 1, 2015.
- Agency directors will be granted additional authority to administer many compensation actions that previously required ADOA approval.
- The FY16 Compensation Guidelines provide detailed information regarding general requirements, funding limitations, eligibility, criteria, etc. for multiple compensation strategies. The strategies continue to be grouped into “toolboxes” and each “toolbox” has different restrictions and requirements.

Compensation Guidelines

- HR staff are responsible for advising agency management appropriately and ensuring compliance with guideline requirements
- If agencies actions are inconsistent with the rules or guidelines, the ADOA Director may modify, alter, revoke, suspend, terminate or change any of the guidelines, in whole or in part, at any time
- A separate plan was developed for Elected Officials.
- Agencies may choose to develop plans and/or policies that are more restrictive than the guidelines, but not more lenient.

Compensation Plan for Variable Strategies

- Agencies are no longer required to submit a yearly compensation plan to use variable strategies. Once a plan is initially submitted and approved, it will only need to be submitted if revisions are made.
- One-time incentive payments not affecting base salary shall not exceed 5% of an employee's annual base salary. The 5% no longer includes In Grade Adjustments.

Variable Incentives

- Eligibility for Variable Incentives (Spot, Goal based, Merit, Meritorious, Conditional)
 - Employees who were hired, promoted or voluntarily demoted within 6 months are now eligible
 - Employees participating in another incentive plan are now eligible

Arizona State Personnel System SALARY CHANGE REQUEST FORM

REQUEST FOR:

- | | | | |
|--|---|---|---|
| <input type="checkbox"/> A. Counter Offer | <input type="checkbox"/> B. Demotion | <input type="checkbox"/> C. In-Grade Adjustment | <input type="checkbox"/> D. Lateral Transfer |
| <input type="checkbox"/> E. Manifest Error | <input type="checkbox"/> F. Position Reallocation | <input type="checkbox"/> G. Special Assignment | <input type="checkbox"/> H. Equity Adjustment |
| <input type="checkbox"/> I. Hiring Incentive | | | |

Agency Name

Employee Name

EIN

Current Job Title/Grade/Job Code

Proposed Job Title/Grade/Job Code

Current Position Number

Proposed Position Number

Proposed Effective Date

Current MAP Score

To support the approval process, please attach a copy of: Resume and salary comparisons for all comparators

A. Counter Offer

Employee's Current Salary

\$

Offer Amount

\$

Proposed Counter Offer

\$

Verifiable Job Offer

Yes

No

Use Section J for justification. Justification must identify employee's critical or strategic skills, impact to services by having a vacant position, and the cost to

Counter Offers

- Agency Directors can approve counter offers on a case-by-case basis.
- Employees must receive an overall rating of “Exceeds Expectations (MAP 2.5 or greater) unless the agency director documents in writing justification to waive the performance requirement

DO	DO NOT
Consider on a case by case basis to retain a high performing employee	Use as a mechanism to increase an employee’s salary that does not fit the criteria
Verify bona fide job offer from another employer	Exceed maximum of salary range
Consider factors such as employee’s performance, labor market pay, specialized position, internal equity	

Lateral Transfers

- Agency Directors may now authorize salary increases within range for lateral transfers.

DO	DO NOT
Consider factors such as education, experience, skills, prior performance, current or former salary, recruitment difficulties to fill a position	Approve an increase without documented justification
Review salaries of employees in the new classification along with experience and performance of those employees to avoid inequities	
Ensure consistency when approving lateral transfer increases. Each decision will set a precedence for future decisions	

Demotions

- Agency Directors can now determine if a salary decrease is appropriate for demotions.

DO	DO NOT
Consider factors such as education, experience, skills, prior performance, current or former salary	Approve an exception without documented justification
Review current salaries of employees in the new classification and relative experience and performance of those employees to avoid inequities	
Ensure consistency when making exceptions. Each decision will set a precedence for future decisions	

Reallocations

- Agency Director can authorize more than a 2.5% salary increase for reallocations.

DO	DO NOT
Consider factors such as education, experience, skills, prior performance, current or former salary	Approve above 2.5% standard without documented justification
Current salaries of employees in the new classification and relative experience and performance of those employees to avoid inequities	
Ensure consistency when making exceptions. Each decision will set a precedence for future decisions	

Special Assignments

- Special assignment salaries can be determined by the Agency Director.
- Approval to place an employee on special assignment requires CHRO approval.

DO	DO NOT
Use this option to fill a critical position while recruitment is underway or incumbent is on FMLA or military leave	Use this option if there is no intention to fill the position – recruitment must be underway
Consider factors such as education, experience, skills, prior performance, current or former salary	Use this option to provide an employee with a temporary pay increase
	Provide a salary increase to employees on special assignment to the same grade or lower grade

In Grade Adjustments

- Agency Directors can approve in grade adjustments on a case-by-case basis and set salary anywhere within range.
 - Criteria now includes recognizing high performing employees

DO	DO NOT
Consider if there is a change in duties and employee is assuming higher level duties and responsibility, but does not warrant reallocation	Consider across the board adjustments – must be approved on a case by case basis
Consider employees who acquire knowledge and skills that benefit the agency such as education, certification, etc. recognized in industry as having market value	Consider for increased volume of work. Must be higher level duties, not more of the same
Consider the retention of high performing employees in critical positions, not easily replaced and are at risk of leaving the organization	Consider for Tenure alone
Recognize high performing employees – workload productivity should be measured and validated to be above standards along with consistent MAP scores exceeding expectations	Approve an In Grade adjustment without documented justification

In Grade Adjustments – Notification

- New ADOA “Notification” Process
- Agency proposes In Grade Adjustment
- ADOA Chief Human Resources Officer reviews proposal to ensure it conforms to guidelines and to assess other considerations (next slide)
- If proposed action deviates from guidelines or other considerations, the ADOA CHRO shall notify ADOA at least 10 days prior to the proposed action effective date
 - Email – HR Mailbox (HumanResources@azdoa.gov)
 - Phone – Contact ADOA Class/Comp Manager to discuss
- If necessary, ADOA HR Director will be briefed. Further communication as appropriate. Agency Director determines final action

In Grade Adjustments – Other Considerations

New ADOA “Notification” Process

- Agency HR review proposed action to ensure it conforms to guidelines and to assess other considerations, including:
 - Increases of 10% or more when already above midpoint
 - Increases that may cause an inequity
 - Increases to a group of employees in a classification, unit or agency (giving the appearance of an “across the board” increase)
 - Increases that may be better addressed through another strategy (e.g. equity adjustment, market study, stipend, etc.)
 - Increases to employees with low MAP scores, with recent disciplinary problems, or recent hires with no MAP evaluation yet
 - Multiple increases within the same year
 - Increases for retention, with no evidence or documentation of a risk of leaving
 - Increases for “additional duties” with no submission of an updated PD
 - Increases for “professional development” which was already considered during the initial hiring or promotional action
 - Increases for training/certification that is not related to the incumbent’s current position

Other Base Salary Changes

Still require ADOA Review and Approval:

- Equity Adjustment
- Hiring Incentive

Contact your Class/Comp Analyst to discuss your business situation and we will work collaboratively to develop a mutually acceptable solution

- Referral Incentive
- Market Studies
- Stipends
- Etc.



“With great power comes....great responsibility”

Rules to Follow

- The Agency's Human Resources Office is responsible for reviewing compensation and certifying that actions meet legal and other State Personnel Rule and policy requirements
- It is imperative that all HR staff have knowledge and can apply the State Personnel Rules when processing actions
- Agencies shall maintain appropriate documentation which is subject to ADOA audit at any time
- All compensation decisions are subject to the availability of funding, and must be managed within the agency's appropriation, without creating new future fiscal obligations

Questions