

# State Personnel System Compensation Guidelines

## Introduction

The Arizona Department of Administration (ADOA) Director has the authority for the establishment and administration of the State Personnel System, including the compensation system A.R.S. § 41-742. The duties of the ADOA Director include the adoption of rules and procedures. The ADOA Director has developed these compensation guidelines for Cabinet/Non Cabinet agencies. Elected Officials are encouraged to adopt the principles contained herein, but are not required to follow these guidelines.

This is a summary of the various compensation strategies that may be used by agencies to address salary and compensation issues within their workforce. Strategies have been grouped into five “toolboxes,” attached for your reference. Each toolbox outlines the details associated with the various options. The toolboxes are listed below.

- Executive Toolbox - Legislatively appropriated merit increases
- HRD Toolbox - Compensation solutions for a job classification or other group of employees such as Market Adjustments, Conditional Pay Supplements, or Referral Incentives
- Agency Toolbox – Individual Actions - Discretionary base pay increases such as In-Grade Adjustments
- Agency Toolbox – Variable Incentives - Additional incentives that do not impact base pay such as Spot Incentives, Goal-Based Incentives, and Conditional Retention Pay Incentives
- Changes in Assignment/Special Assignment - Employee actions that trigger a pay change such as Promotions, Demotions, etc.

The ADOA Director may audit an agency’s compensation actions at any time. If the ADOA Director determines that the agency’s actions are inconsistent with the rules or these guidelines or otherwise not in the best interest of the State, the ADOA Director may direct the agency head to modify them to achieve consistency or to require ADOA review and approval for use of compensation strategies in the future. The ADOA Director may modify, alter, revoke, suspend, terminate or change any of these guidelines, in whole or in part, and may do so at any time.

## General

These guidelines do not create a contract for employment between any employee and the State. Nothing in these guidelines changes the fact that all uncovered employees of the State are at will employees and serve at the pleasure of the appointing authority.

In accordance with Arizona Revised Statutes (A.R.S.) § 38-611 and State Personnel System (SPS) Rule R2-5A-402(C), the base salary of an employee must be within the assigned salary range established by the Arizona Department of Administration (ADOA). SPS Rule R2-5A-402 provides the authority for these guidelines. Please be advised that there may be additional restrictions and conditions provided by statute and rule that are not included in these guidelines.

Agencies shall document that employees receiving compensation meet the stated criteria for each strategy. The agency will also maintain appropriate documentation when similarly situated employees are not identified to receive additional compensation. The agency’s Human Resources Office will be responsible for reviewing compensation and certifying that they meet legal and other State Personnel System requirements.

# State Personnel System

## Compensation Guidelines

### Scope

These guidelines apply to all agencies, boards, offices, authorities, commissions, and other governmental budget units of the State that are part of the State Personnel System, except for Offices of Elected Officials.

### Funding

All compensation strategies are subject to the availability of funding, and must be managed within the agency's appropriation. The availability of these strategies does not obviate the need for agencies to manage within their budget. Agencies shall not implement compensation strategies that create new future fiscal obligations that will require additional appropriations, unless (1) the Legislature has approved such funding in advance of the implementation; or (2) agency spending reductions have freed up funds sufficient to eliminate the need for new monies to implement the strategy (near and long-term) without any degradation to customer service. Agencies shall remain mindful of the State's ongoing fiscal challenges and their own budget needs, while contemplating compensation strategies. In particular, agencies requesting additional appropriations from the Legislature shall carefully analyze their needs and priorities before implementing any of the strategies outlined in these guidelines.

Spending associated with certain strategies shall be collectively limited to no more than 2% of the agency's personal services base, exclusive of ERE.

### Eligibility

Unless otherwise indicated, employees must be at will uncovered and meet specified performance evaluation requirements to be eligible for the compensation strategies outlined in these guidelines. To be eligible to receive an incentive, an employee must be employed by the agency providing the incentive at the time of the effective date of the incentive. However, eligibility requirements vary for each of the strategies – please refer to the individual eligibility requirements for more information.

The following employees are not eligible for some or all of the strategies:

- Interns, pool, or per diem employees are not eligible for any of the strategies.
- Covered employees (except Correctional Officers I, II, III, Adult Community Corrections Officers, and positions that require Full Authority Peace Officer certification) are not eligible for increases or incentives unless the increase is due to a change in assignment.
- Employees who receive an overall rating of "Needs Improvement" (MAP rating less than 2.0) on their most recent performance evaluation are not eligible for increases or incentives unless the increase is due to a change in assignment or an exception is granted pursuant to these guidelines.
- Employees who have been involuntarily demoted within the previous six months are not eligible for the agency variable incentives or a base pay increase unless an exception is granted in accordance with these guidelines
- Compensation guidelines do not apply to directors, deputy directors and assistant directors (i.e. positions allocated to the "Executive Salary Schedule", the "E" grades).
  - Salary adjustments and/or incentives for these positions shall be discussed and coordinated through the ADOA Human Resources Director.

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The requirement related to performance can be waived for employees in political appointment positions [defined in A.R.S. §41-742(F)], if the agency does not require performance appraisals for these positions. All other criteria, e.g. eligibility, increase limits, budget, etc. are still applicable.

### **Individual Salary Increase Limits**

One-time incentive payments not affecting base salary shall not exceed 10% of an employee's annual base salary. This 10% limit does not include salary increases given as a result of actions outlined in the "Changes in Assignment/Special Assignment" toolbox, the "ADOA HRD" toolbox, In-Grade Adjustments and/or Counter Offers.

### **Authority/Approval**

Agencies shall ensure that all salary actions are reviewed and approved by the appropriate authority, and that all actions are administered without regard to political affiliation, race, color, national origin, sex, age, disability, religion, or any other characteristic protected by law.

# Executive Toolbox

The strategies in this “toolbox” will be available to agencies if approved.

Option	Description	Criteria	Eligibility	Amount
<b>Merit Increase</b> (Legislatively Appropriated)	Percentage added to base pay based on employee’s most recent performance evaluation	<ul style="list-style-type: none"> <li>• Shall be in accordance with guidelines developed by the Governor’s Office or Legislature</li> </ul>	<ul style="list-style-type: none"> <li>• Eligibility to be defined by the Governor’s Office or Legislature</li> </ul>	<ul style="list-style-type: none"> <li>• Merit increases to be defined by the Governor’s Office or Legislature</li> </ul>

All compensation strategies are subject to the availability of funding, and must be managed within the agency’s appropriation. Neither the availability of these strategies nor receiving the approval to use them shall obviate the need for agencies to manage within their budget. Agencies shall not implement compensation strategies that create new future fiscal obligations that will require additional appropriations, unless (1) the Legislature has approved such funding in advance of the implementation; or (2) agency spending reductions have freed up funds sufficient to eliminate the need for new monies to implement the strategy (near and long-term) without any degradation to customer service. One-time incentive payments not affecting base salary shall not exceed 10% of an employee’s annual base salary; this limit does not include increases resulting from the actions outlined in the “Changes in Assignment/Special Assignment”, the “ADOA HRD” toolbox, In-Grade Adjustments, and/or Counter Offers.

# ADOA Human Resources Division Toolbox

The strategies in this “toolbox” will be available to agencies after consultation with the ADOA Human Resources Division and discussions about the business needs of the agency. Working collaboratively together, the appropriate strategy will be chosen to best meet the State’s and the agency’s needs.

Option	Description	Criteria	Eligibility	Amount
<b>Criteria-Based Adjustment</b> (Salary Plans)	Base salary adjustment awarded to employees who meet established criteria	<ul style="list-style-type: none"> <li>• ADOA Class/Comp works with agency to evaluate the classification or class series to assess appropriate salary levels compared to labor market and other external factors</li> <li>• The criteria that differentiate salary levels must be based on more factors than length of service or years of experience</li> <li>• Salary cannot exceed the maximum of the salary range for the classification</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered and covered</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of increase at each level of the plan varies by plan</li> <li>• Plans currently in use will be allowed to continue, but may be reviewed on a periodic basis to assess consistency with the labor market and other external factors</li> </ul>
<b>Conditional Pay Supplement</b> (Stipends)	Additional pay provided to compensate employees for specific conditions Does not adjust base pay	<ul style="list-style-type: none"> <li>• ADOA Class/Comp works with agency to evaluate the specific conditions and to assess appropriate compensation compared to labor market and other external factors</li> <li>• Shall be discontinued when the conditions no longer apply</li> <li>• Payroll Considerations: Incentive will be included in calculation of overtime rate; may require agency payroll to recalculate overtime earned during evaluation period</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Covered (depending on type of conditional pay supplement)</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of supplement will vary on a case-by-case basis, considering the labor market pay for the type of job and level of work</li> </ul>
<b>Referral Incentive</b>	Lump sum incentive awarded to an employee who refers a job applicant to a critical, hard to fill position who is successfully employed Does not adjust base pay	<ul style="list-style-type: none"> <li>• ADOA Class/Comp works with agency to evaluate the position, classification or class series to assess marketing and recruiting strategies previously used</li> <li>• Payroll Considerations: Incentive will not be included in calculation of overtime rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> <li>• Executive level positions, positions that are responsible for recruiting or hiring functions, employees in a direct line reporting relationship to the referred employee, and family members are not eligible</li> </ul>	<ul style="list-style-type: none"> <li>• Referral Incentive is limited to no more than \$1,000 per referral and may not be distributed until the referred employee has completed at least 6 months of employment. No employee shall receive more than \$3,000 in referral incentives per year.</li> <li>• The amount may be paid in installments or in one lump sum consistent with the approved plan.</li> </ul>

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The strategies in this “toolbox” will be available to agencies after consultation with the ADOA Human Resources Division and discussions about the business needs of the agency. Working collaboratively together, the appropriate strategy will be chosen to best meet the State’s and the agency’s needs.

Option	Description	Criteria	Eligibility	Amount
<b>Hiring Incentive</b>	Sign-on bonus awarded to employees hired into critical positions, positions that are hard to fill, or positions that require a rare skill set Does not adjust base pay	<ul style="list-style-type: none"> <li>• ADOA Class/Comp works with agency to evaluate the position, classification or class series to assess marketing and recruiting strategies previously used</li> <li>• Agencies may also request approval to offer a hiring incentive on a case-by-case basis</li> <li>• Payroll Considerations: Incentive will be included in calculation of overtime rate; may require agency payroll to recalculate overtime earned during evaluation period</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> </ul>	<ul style="list-style-type: none"> <li>• Hiring Incentives are limited to no more than \$5,000, and may be paid in increments over a period of time (e.g. 25% at 3 months, 25% at 6 months, 50% after 1 year)</li> </ul>
<b>Special Market Adjustment</b> (Legislatively Appropriated)	Adjustment to base pay to address employee salaries in specific classifications that are significantly behind the labor market	<ul style="list-style-type: none"> <li>• ADOA Class/Comp conducts market studies and prioritizes classifications for consideration of Special Market Adjustments (SMAs).</li> <li>• Shall be in accordance with guidelines developed by the Governor’s Office or Legislature</li> </ul>	<ul style="list-style-type: none"> <li>• Eligibility to be defined by the Governor’s Office or Legislature</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of adjustment to be defined by ADOA after conducting market studies</li> </ul>
<b>Classification Market Adjustment</b>	Adjustment to base pay to address employee salaries in specific classifications that are significantly behind the labor market	<ul style="list-style-type: none"> <li>• ADOA Class/Comp conducts market studies and collaborates with agencies to evaluate classifications or class series to assess appropriate salary levels compared to labor market and other external factors</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Covered</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of adjustment to be defined by ADOA after conducting market studies</li> </ul>

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# Agency Toolbox – Individual Actions

The strategies in this “toolbox” are available to agencies in order to address compensation issues of employees on a case-by-case basis.

Option	Description	Criteria	Eligibility	Amount
<b>Counter Offer</b>	Base pay increase in response to a verified job offer in order to retain a high performing employee in the same position	<ul style="list-style-type: none"> <li>• Agency shall verify the job offer and the performance level of the employee</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Employee must receive an overall rating of 2.5 or greater on a 3 point scale or 4 or greater on a 5 point scale - may be waived by Agency Director with appropriate documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of increase will vary on a case-by-case basis, considering the bona fide job offer from another employer and considering factors such as the employee’s performance, internal equity ramifications, and labor market pay for the type of job and level of work</li> <li>• Salary cannot exceed the maximum of the salary range for the classification</li> </ul>
<b>In Grade Adjustment</b>	Base pay increase to provide career progression or resolve specific salary issues; across the board increases are not authorized	<ul style="list-style-type: none"> <li>• Agency Directors may approve an in-grade adjustment on a case-by-case basis for:               <ul style="list-style-type: none"> <li>• Change in Duties: Employees who assume higher level duties and responsibilities in a position that is critical to the operations of an agency (requires an updated Position Description and a review by ADOA to ensure a reallocation of the position is not warranted)</li> <li>• Professional Development: Employees who apply new knowledge and skills that benefit the agency and that have been acquired through job-related training, education, certification, and/or licensure, that is recognized in the industry as having market value</li> <li>• Retention: High performing employees in critical positions, not easily replaced and are at risk of leaving the organization</li> <li>• Performance: Recognize high performing employees</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Employee must receive an overall rating of 2.5 or greater on a 3 point scale or 4 or greater on a 5 point scale - may be waived by Agency Director with appropriate documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Salary increase shall be within the salary range of the classification. Considerations for setting the salary may include such factors as education, experience, skills, prior performance, current salary, as well as the current salaries of employees in the same classification or work unit within the agency and the relative experience and performance of those employees</li> <li>• Salary cannot exceed the maximum of the salary range for the classification</li> </ul>

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## Agency Toolbox – Variable Incentives

The strategies in this “toolbox” are available to agencies as part of a comprehensive plan of variable pay options. These strategies are not intended to provide across-the-board incentives, but rather to reward top performers.

Option	Description	Criteria	Eligibility	Amount
<b>Spot Incentive</b>	One time, lump sum bonus given “on the spot” for an extraordinary achievement, or moment of extraordinary individual or group performance that result in efficiency, cost savings or improved productivity Does not adjust base pay	<ul style="list-style-type: none"> <li>• Agency Director shall document in writing the justification for awarding the Spot Incentive</li> <li>• Payroll Considerations: Incentive will not be included in calculation of overtime rate. The agency shall not commit or identify ahead of time that an employee or group will receive an incentive.</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> <li>• Employee must receive an overall rating of “Meets Expectations” - May not be waived</li> <li>• Employee must not have been involuntarily demoted or have received formal disciplinary actions during previous six months</li> </ul>	<ul style="list-style-type: none"> <li>• Spot Incentives are limited to no more than 5% of the employee’s base salary per fiscal year, although an agency may award any lesser amount consistent with agency practice</li> <li>• Agencies are encouraged to define tiers for different levels of incentive amounts, commensurate with the level of efficiency gain, cost savings or productivity improvement</li> <li>• Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE</li> </ul>
<b>Goal-Based Incentive</b>	Lump sum bonus awarded to employees, teams, work units, and/or divisions who achieve established challenging performance targets or goals Does not adjust base pay	<ul style="list-style-type: none"> <li>• Measures and target goals shall be reviewed on an annual basis</li> <li>• When goals are achieved and incentive pay provided, new target goals shall be established</li> <li>• Payroll Considerations: Incentive will be included in calculation of overtime rate, if applicable. Although incentives can be paid in a lump sum, agency payroll must allocate it evenly over the period earned.</li> <li>• Agencies considering the use of this strategy should contact the ADOA Classification and Compensation Manager for further details.</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> <li>• Employee must receive an overall rating of “Meets Expectations” - May not be waived</li> <li>• Employee must not have been involuntarily demoted or have received formal disciplinary actions during previous six months</li> </ul>	<ul style="list-style-type: none"> <li>• Goal-Based Incentives are limited to no more than 5% of the employee’s base salary per fiscal year, although an agency may award any lesser amount consistent with agency practice</li> <li>• The incentive may be distributed in any increment (bi-weekly, quarterly, bi-annually, etc.) according to agency practice</li> <li>• Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE</li> </ul>

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## Agency Toolbox – Variable Incentives

The strategies in this “toolbox” are available to agencies as part of a comprehensive plan of variable pay options. These strategies are not intended to provide across-the-board incentives, but rather to reward top performers.

Option	Description	Criteria	Eligibility	Amount
<b>Merit-Based Incentive</b>	One time, lump sum bonus directly tied to performance Does not adjust base pay	<ul style="list-style-type: none"> <li>• Agency must document target distribution percentages of merit incentives, ensuring a distribution of incentives (i.e. a bell shaped curve) and preventing across the board distribution for all employees (no more than 30% of the workforce may receive the highest merit incentive)                             <ul style="list-style-type: none"> <li>• Agencies with 10 employees or less at the time of incentive distribution are not subject to the target distribution limits</li> </ul> </li> <li>• The guidelines will describe a total budget limit for the agency; agencies may choose to provide merit incentives of lesser amounts, consistent with the criteria</li> <li>• Payroll Considerations: Incentive will not be included in calculation of overtime rate. The agency shall not commit or identify ahead of time that an employee or group will receive an incentive.</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> <li>• Employee must receive an overall rating of “Meets Expectations” - May not be waived</li> <li>• Employee must not have been involuntarily demoted or have received formal disciplinary actions during previous six months</li> </ul>	<ul style="list-style-type: none"> <li>• Merit incentives awarded to highest performing employees shall not exceed 7%</li> <li>• If more than one level of merit increase is awarded, the highest level must be at least two times greater than the lowest level.</li> <li>• Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE</li> </ul>
<b>Meritorious Service Leave</b>	Paid leave that agencies may use to reward and recognize employees or teams for meritorious or exemplary service Does not adjust base pay	<ul style="list-style-type: none"> <li>• Meritorious Service Leave shall be used within 12 months of receipt and shall not be paid upon separation (i.e. no cash value)</li> <li>• Meritorious Service Leave shall not be transferred to another agency if the employee changes agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> <li>• Employee must receive an overall rating of “Meets Expectations” - May not be waived</li> <li>• Employee must not have been involuntarily demoted or have received formal disciplinary actions during previous six months</li> </ul>	<ul style="list-style-type: none"> <li>• Meritorious Service Leave shall be limited to no more than 24 hours of leave per employee (prorated for less than full time employees)</li> <li>• No more than 5% of the agency’s employees may receive Meritorious Service Leave per year unless an exception is granted by the agency Director (for example an agency may wish to award leave to members of a large team that implemented a major project and the number of team members exceeds the guidelines)</li> </ul>

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Option	Description	Criteria	Eligibility	Amount
<b>Conditional Retention Pay Incentive</b>	One time, lump sum bonus to retain critical employees Does not adjust base pay	<ul style="list-style-type: none"> <li>• High performing employees in critical positions, not easily replaced and are at risk of leaving the organization</li> <li>• Payroll Considerations: Incentive will not be included in calculation of overtime rate. The agency shall not commit or identify ahead of time that an employee or group will receive an incentive.</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> <li>• Employee must receive an overall rating of “Meets Expectations” - May not be waived</li> <li>• Employee must not have been involuntarily demoted or have received formal disciplinary actions during previous six months</li> </ul>	<ul style="list-style-type: none"> <li>• Shall not exceed 5% per fiscal year per employee</li> <li>• Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE</li> </ul>

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# Changes in Assignment/Special Assignment

The guidelines provided below address base pay when employees change assignments or change positions, subject to applicable rules. Any salary adjustments received as a result of a change in assignment shall not be considered as part of the limitations for other salary strategies.

Option	Description	Criteria	Eligibility	Amount
<b>New Hire</b>	Base salary of a newly hired employee	<ul style="list-style-type: none"> <li>Salary must be within the range for the classification</li> <li>Agency shall consider such factors as education, experience, skills, prior performance, current or former salary, availability of qualified applicants, and prevailing market conditions when setting a new hire's salary</li> </ul>	<ul style="list-style-type: none"> <li>Uncovered</li> <li>Correctional Officers I, II, or III, Community Corrections Officers, or positions that require Full Authority Peace Officer certification</li> </ul>	<ul style="list-style-type: none"> <li>Salary up to midpoint, or higher based on documentation</li> <li>Agencies shall consider the current salaries of employees in the classification within the agency and their relative experience and performance when hiring a new employee</li> </ul>
<b>Promotion</b>	Base salary adjustment awarded when an employee moves to a higher graded job	<ul style="list-style-type: none"> <li>Salary must be within the range for the classification</li> <li>Shall be administered in accordance with statewide policy ASPS/HRD-PA3.04 (Change in Assignment)</li> <li>Agency shall consider such factors as education, experience, skills, prior performance, current or former salary, availability of qualified applicants, and prevailing market conditions when setting the salary of an internal promotion</li> </ul>	<ul style="list-style-type: none"> <li>Uncovered<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Salary up to midpoint, or higher based on documentation</li> <li>Agencies shall consider the current salaries of employees in the classification within the agency and their relative experience and performance when promoting an internal candidate.</li> <li>Promotions into or within the Executive Salary Schedule are not affected by this guideline</li> </ul>
<b>Lateral Transfer</b>	When an employee moves to another position in another classification in the same grade	<ul style="list-style-type: none"> <li>Salary must be within the range for the classification</li> <li>Shall be administered in accordance with statewide policy ASPS/HRD-PA3.04 (Change in Assignment)</li> </ul>	<ul style="list-style-type: none"> <li>Uncovered<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>No increase in salary unless an exception is granted by the agency Director</li> <li>Considerations for an exception may include such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees</li> </ul>
<b>Demotion</b>	Base salary reduction when an employee moves to a lower graded job	<ul style="list-style-type: none"> <li>Salary must be within the range for the classification</li> <li>Shall be administered in accordance with statewide policy ASPS/HRD-PA3.04 (Change in Assignment)</li> <li>Agency shall consider such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees</li> </ul>	<ul style="list-style-type: none"> <li>Uncovered<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Employees voluntarily or involuntarily demoting to a lower grade position shall receive a salary decrease of at least 2.5%, unless an exception is granted by the agency Director</li> <li>Considerations for an exception may include such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees</li> <li>Decreases greater than 2.5% at the discretion of the agency head</li> </ul>

<sup>1</sup> Voluntary changes in assignment will result in a covered employee becoming uncovered, unless the position is a Correctional Officer I, II, or III, a Community Corrections Officer, or a covered position that requires Full-Authority Peace Officer certification.

All compensation strategies are subject to the availability of funding, and must be managed within the agency's appropriation. Neither the availability of these strategies nor receiving the approval to use them shall obviate the need for agencies to manage within their budget. Agencies shall not implement compensation strategies that create new future fiscal obligations that will require additional appropriations, unless (1) the Legislature has approved such funding in advance of the implementation; or (2) agency spending reductions have freed up funds sufficient to eliminate the need for new monies to implement the strategy (near and long-term) without any degradation to customer service. One-time incentive payments not affecting base salary shall not exceed 10% of an employee's annual base salary; this limit does not include increases resulting from the actions outlined in the "Changes in Assignment/Special Assignment", the "ADOA HRD" toolbox, In-Grade Adjustments, and/or Counter Offers.

# Changes in Assignment/Special Assignment

The guidelines provided below address base pay when employees change assignments or change positions, subject to applicable rules. Any salary adjustments received as a result of a change in assignment shall not be considered as part of the limitations for other salary strategies.

Option	Description	Criteria	Eligibility	Amount
<b>Reallocation (formerly referred to as a reclassification)</b>	Base salary adjustment provided when an employee's position is reallocated to a different classification and grade or salary range	<ul style="list-style-type: none"> <li>• Salary must be within the range for the classification, e.g. grade change, classification change, etc.</li> <li>• (Note: Reallocations are processed by ADOA; determining the appropriate salary to compensate the employee for the change in job duties shall be determined by the Agency Director in accordance with these guidelines.)</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Covered</li> </ul>	<ul style="list-style-type: none"> <li>• Employees in a position that is reallocated to a higher grade shall receive a salary increase of up to 2.5%, unless an exception is granted by the agency Director</li> <li>• Considerations for an exception may include such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees</li> <li>• Reallocations to the same or lower grade shall result in no change to the employee's salary, provided the salary is within the range for the classification. If the employee's salary is less than the minimum or more than the maximum, the employee's salary shall be the minimum or maximum, respectively</li> </ul>
<b>Special Assignment (formerly referred to as a mobility assignment)</b>	Supplemental pay (no adjustment to base salary), provided to employees approved for a temporary special assignment (not to exceed 6 months)	<ul style="list-style-type: none"> <li>• Salary must be within the range for the classification</li> <li>• Shall be administered in accordance with statewide policy ASPS/HRD-PA3.05 (Special Assignment)</li> <li>• Generally used to fill a critical position while recruiting, or while the incumbent is out on medical or military leave</li> <li>• (Note: Placing an employee on a special assignment requires ADOA approval; determining the appropriate salary to compensate the employee for the change in job duties shall be determined by the Agency Director in accordance with these guidelines.)</li> </ul>	<ul style="list-style-type: none"> <li>• Uncovered</li> <li>• Covered</li> </ul>	<ul style="list-style-type: none"> <li>• Employees on a special assignment to a higher grade position shall receive a conditional pay supplement in an amount equivalent to the promotional guidelines</li> <li>• Employees on a special assignment to the same grade or a lower graded position shall receive no additional compensation</li> </ul>

<sup>1</sup> Voluntary changes in assignment will result in a covered employee becoming uncovered, unless the position is a Correctional Officer I, II, or III, a Community Corrections Officer, or a covered position that requires Full-Authority Peace Officer certification.

<sup>2</sup> A Special Assignment is not a change in assignment as defined by R2-5B-205(B)

All compensation strategies are subject to the availability of funding, and must be managed within the agency's appropriation. Neither the availability of these strategies nor receiving the approval to use them shall obviate the need for agencies to manage within their budget. Agencies shall not implement compensation strategies that create new future fiscal obligations that will require additional appropriations, unless (1) the Legislature has approved such funding in advance of the implementation; or (2) agency spending reductions have freed up funds sufficient to eliminate the need for new monies to implement the strategy (near and long-term) without any degradation to customer service. One-time incentive payments not affecting base salary shall not exceed 10% of an employee's annual base salary; this limit does not include increases resulting from the actions outlined in the "Changes in Assignment/Special Assignment", the "ADOA HRD" toolbox, In-Grade Adjustments, and/or Counter Offers.