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KRISTY H. NICHOLS
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of Human Resources

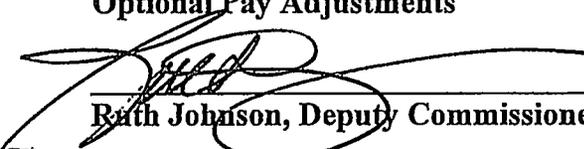
DIVISION OF ADMINISTRATION

PERSONNEL POLICY NO. 38

EFFECTIVE DATE: September 13, 2000

REVISED DATE: 9/12/01; 7/14/04; 5/7/08; 11/10/10; 7/11/12; 7/16/14

SUBJECT: Optional Pay Adjustments

AUTHORIZATION: 
Ruth Johnson, Deputy Commissioner

I. PHILOSOPHY:

Under the provisions of 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 classified employees. Similar strategies also may be used for unclassified employees.

II. POLICY:

In compliance with 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, realign pay between comparable employees, or alleviate supervisor/subordinate pay inversions caused by job and pay plan changes 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 on a permanent basis of up to 10% of an employee's base salary (not to exceed the maximum of the pay range), or
- (2) a lump sum payment of up to 10% of an employee's base salary, 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, the sum of which percentage increase does not exceed 10% of an employee's base salary. If a proposed permanent 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 not exceed 10% of an employee's base salary in a July 1 to June 30 period and shall be granted in addition to an annual performance adjustment (if applicable) for an individual employee and shall not duplicate payment received pursuant to other Civil Service pay rules. An employee may receive more than one 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 who are at range maximum cannot receive a base pay increase; they are only eligible for a lump sum increase and they cannot receive a lump sum payment in consecutive years even if the reasons for the adjustments are different or 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. Requests for retroactive processing of optional pay will not be considered unless special circumstances exist, in which case a justification for the retroactivity is

required as part of the required documentation. Final authority will rest with the appointing authority, and if applicable, the Civil Service Commission, 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 base salary, to match a verifiable job offer. The appointing authority may ask the Commission to authorize an increase greater than 10%. 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.

An employee at range maximum can only receive a one-time lump sum payment.

Required Documentation:

1. A completed Personnel Action Request (PAR) which references Civil Service Rule 6.16.2, and reflects the amount of the increase being requested (%) and the type of increase being requested, (i.e. lump sum, permanent increase to base pay, or combination).
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, realign pay between comparable employees, or alleviate supervisor/subordinate pay inversions caused by job and pay plan changes 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 base salary, to reduce compression, realign pay between comparable employees, alleviate supervisor/subordinate pay inversions caused by job and pay plan changes, in either the same job series or supervisory chain.

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.**

In most cases of a disparate pay situation, only an increase to base pay will be considered. Employees at range maximum will not be eligible for an increase.

Required Documentation:

1. A completed PAR which reflects the amount of pay increase requested and whether the request is for a lump sum increase, increase to base pay, or combination thereof.
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 base salary, in addition to any other compensation granted under 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 may receive a one-time lump sum only.

Required Documentation:

1. A completed PAR which reflects the amount of pay increase requested and whether the request is for a lump sum increase, increase to base pay, or combination thereof.
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 10%** of an employee's base salary for significant additional duties on a **permanent or temporary basis**.

Pay requests **up to 7%** may be approved by the appointing authority. Any requests **more than 7% must** receive approval from the Civil Service Commission.

An employee may not receive more than 15% 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 base salary within a fiscal year. Additionally, it also illustrates the restriction of an employee receiving no more than 15% 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	10%	5%
FY 2	3% Pay Compression 7% Additional Duties	10%	7%
FY 3	7% Recruitment 3% Additional Duties	10%	3%
			15%

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 Civil Service Rule.

Employees receiving optional pay for permanent additional duties and who are at the range maximum may receive a one-time lump sum only. 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 receive a one-time 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 one-time 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, or if applicable, to the Civil Service Commission.

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.louisiana.gov/ohr/forms/forms1.htm>
3. A copy of an official updated position description, SF-3, (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.

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 Civil Service Rules and shall be justified, documented, and submitted to the appointing authority for consideration.