

**SECTION J - PROVISIONS FOR ADMINISTERING DISCRETIONARY MERIT COMPENSATION (DMC)**

**1.00 Coverage**

**2.00 Discretionary Merit Compensation (DMC)**

**1.00 Coverage**

The provisions of this Section (Section J) apply to permanent and project employees in positions allocated to classifications assigned to broadband pay schedules and unclassified employees not serving a fixed term (Section B, 3.05 and Section C of this Plan). The provisions also apply to classified permanent and project employees in positions allocated to classifications assigned to non-broadband positions, excluding all Crafts Worker and related employees and employees in the public safety bargaining unit, for merit-related lump sum DMC only.

**2.00 Discretionary Merit Compensation (DMC)**

- (1) Concept. Discretionary Merit Compensation (DMC) provisions allow the appointing authority the sole discretion to provide employees economic recognition for merit or to address pay equity or retention needs. Neither the granting, denial, nor amount of any DMC is grievable.
- (2) Effective Date. DMC may be granted at any time during the fiscal year. The effective date of an adjustment will be the beginning of the first pay period following effective receipt (as defined in Section I, 3.00 of this Plan) of the DMC recommendation. No DMC may be retroactive. If multiple pay adjustments have the same effective date, DMC will be applied to an employee's base pay according to Section I, 4.01 of this Plan. **No DMC may be granted on the effective date of an appointment.**
- (3) Initial Applicability. Agencies must develop administrative procedures that will be used to grant DMC prior to awarding any DMC. The administrative procedures must be developed in accordance with the guidelines issued by the OSER Director and will be applied in a uniform manner throughout the agency or employing unit.
- (4) Requirements. **All DMC will be approved by OSER prior to being granted.** Additional information may be required at the discretion of the OSER Director. Also, DMC for Assistant District Attorneys must be approved by the DOA Secretary or his/her appointee prior to being sent to OSER for approval.
- (5) Eligibility. All employees who are in pay status in positions covered by this Section (Section J) are eligible to be considered for DMC **except** the following:

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- (a) Employees whose job performance in the previous fiscal year was rated below satisfactory.
  - (b) Supervisors who did not complete formal performance evaluations on all subordinate employees for whom performance evaluations are required.
  - (c) Any employee paid at or above the applicable pay range maximum may not receive a base-building DMC.
  - (d) Trainees eligible for scheduled trainee increases.
  - (e) Crafts Worker and Crafts Worker-related employees (project crafts workers, crafts worker supervisors, shop supervisors, and the Crafts Operation Manager, UW-Milwaukee).
  - (f) Positions specifically listed in s. 20.923(2), (3), (4g) and (5), Wis. Stats.
  - (g) Represented positions in the public safety bargaining unit.
  - (h) Any classified employee in a non-broadband pay range and Assistant District Attorneys may not receive a base building DMC, and any lump sum DMC received shall be for merit only.
- (6) Individual Increase Limits. The individual increase limit provided in s. 230.12(5)(d), Wis. Stats., does not apply to base pay adjustments granted pursuant to this Section (Section J).
- (7) Funding. DMC is not considered a “salary adjustment” for which supplemental allotments may be provided under s. 20.865, Wis. Stats., except as provided under (11), below.
- (8) Reinstatement and Restoration. DMC may not be included when calculating pay on reinstatement or restoration, except when returning from a leave of absence granted for service in an unclassified position. This exception is limited to **2** within pay range steps (WRPS) per fiscal year and applies only to fiscal years in which the employee received a DMC, or Discretionary Compensation Adjustment (DCA) under a previous, similar program).
- (9) Amount for Employees Covered in Section A and Unclassified Positions Covered by Section C of this Plan.
- (a) Except as provided in (b) and (d), below DMC may be granted to eligible classified employees and unclassified attorneys in any amount up to **4** WRPS, subject to the maximum of the pay range. DMC may be granted as a base pay adjustment, in a lump sum payment, or in combination at the discretion of the appointing authority. For the purpose of applying the **4** WRPS limitation, the

payment shall be converted to a base pay equivalent by dividing the lump sum by 2088.

- (b) Assistant District Attorneys and classified employees in positions allocated to non-broadband pay ranges, excluding all Crafts Worker and related employees and employees in the public safety bargaining unit, may only receive DMC for merit in lump sum payments.
  - (c) An employee may receive more than one DMC during the fiscal year, however, the total amount granted in the form of base-building and/or lump sum DMC in the fiscal year may not exceed an amount equal to **4 WRPS**, except as provided in (d) below. The DMC 4 WRPS limit, per fiscal year, per employee, includes DMC granted by a single agency or by multiple agencies. Employees may self-nominate in writing to their supervisor not more than once per fiscal year.
  - (d) Under exceptional circumstances, an appointing authority may submit a request to the OSER Director to exceed the **4 WRPS** limit specified in (a) and (c) above. This request must be accompanied by a comprehensive written justification.
- (10) Amount for Employees in Unclassified Positions Not Serving a Fixed Term Under Section B, 3.05 of this Plan.
- (a) Except as provided in (c), below the DMC may be granted to eligible employees covered under Section B, 3.05 in any amount up to **2 WRPS for merit only**, subject to the maximum of the pay range. Except as noted below, DMC may be granted as a base pay adjustment, a lump sum payment, or in combination at the discretion of the appointing authority. For the purpose of applying the **2 WRPS** limitation, any lump sum payment shall be converted to a base pay equivalent by dividing the lump sum by 2088. Lump sum payments are strictly prohibited for employees whose positions are referred to in s. 20.923(16), Wis. Stats. **Eligible employees who may not receive lump sum payments include those in the following positions from s. 20.923(4) and (7) through (12), Wis. Stats.:**
    - 1. All Department Secretaries;
    - 2. All Department Deputy Secretaries;
    - 3. All Department Executive Assistants;
    - 4. All unclassified Division Administrators not serving a fixed term;
    - 5. Administration, Department of: Director of the Federal-State Relations Office;
    - 6. Arts Board: Executive Secretary;
    - 7. Corrections, Department of: Director of Prison Industries;
    - 8. Educational Communications Board: Executive Director
    - 9. Employment Relations, Office of: Director
    - 10. Financial Institutions, Department of: Director of the Office of Credit Unions

11. Government Accountability Board: Legal Counsel
12. Governor, Office of: Executive Secretary, Key Professional Staff
13. Governor's Work-Based Learning Board: Executive Director
14. Higher Education Aids Board: Executive Secretary
15. Insurance, Office of: Commissioner
16. Justice, Department of: Program Director for Crime Victims Compensation
17. Public Defender, Office of: State Public Defender
18. Railroads, Office of the Commissioner: Commissioner
19. Safety and Professional Services, Department of: All Bureau Directors
20. Secretary of State, Office of: Assistant Secretary of State
21. Sentencing Commission: Executive Director
22. State Fair Park: Director
23. State Treasurer, Office of: Assistant State Treasurer
24. Wisconsin Historical Society: Director; Associate Director
25. Wisconsin Technical College System: Director
26. Workforce Development: Executive Director for Employment and Training

- (b) An employee may receive more than one DMC during the fiscal year, however, the total amount granted in the form of base-building and/or lump sum DMC in the fiscal year may not exceed an amount equal to **2** WRPS, except as provided in (c) below. The DMC 2 WRPS limit, per fiscal year, per employee, includes DMC granted by a single agency or by multiple agencies. Employees may self-nominate in writing to their supervisor not more than once per fiscal year.
- (c) Under exceptional circumstances, an appointing authority may submit a written request to the OSER Director to exceed the **2** WRPS limit specified in (a) and (b) above. This request must be accompanied by a comprehensive justification.

- (11) Minimum Level of Funded Spending Authority for Classified Employees.

**NOTE: This funded spending authority is suspended for the 2011-2013 biennium.**

- (a) Effective December 9, 2007 and July 6, 2008, a minimum level of funded spending authority will be established. This funded spending authority for a fiscal year will be established as \$0.050 per hour per employee covered by these provisions on these dates. The total funded amount available to an agency will not be less than \$0.500 per hour and not more than \$1.50 per hour in each fiscal year. The funded spending authority may be granted as base building increases or lump sum payments. The amount of funding used for lump sum payments shall be determined by dividing the lump sum amount by 2088 hours.

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- (b) The funded spending authority will be established for **classified employees only**. No analogous funded spending authority will be established for unclassified employees.
- (c) The DOA will certify this funded spending authority each fiscal year for each participating agency.
- (d) The funded spending authority established for each fiscal year will lapse at the end of that fiscal year.