



UNIVERSITY OF WISCONSIN – MADISON
Discretionary Merit Compensation Policy
(Effective March 19, 2012)
REVISED - September 2, 2013

BACKGROUND

The 2011-13 State of Wisconsin Compensation Plan included a provision allowing Discretionary Merit Compensation (DMC) adjustments be provided to all classified permanent and project employees, except for Crafts Worker employees. The DMC provisions within the 2013-15 Compensation Plan were modified so all eligible employees could receive a base building (not available for hourly employees in past) or a lump sum adjustment but only for meritorious performance. These adjustments are at the sole discretion of management. The criteria and guidelines outlined below will enable UW-Madison to use the DMC program in a consistent and equitable manner.

DISCRETIONARY MERIT COMPENSATION CRITERIA

The following description of merit includes the criteria for awarding a DMC as provided by the Office of State Employment Relations (OSER).

Merit – Employee has sustained a high level of performance during an extended period of time. The expectation is that it will continue. Additional factors to consider include:

- Employee has new duties that have been newly assigned or were an evolution of the originally assigned functions. The duties are permanent, and are of a greater scope, impact, and/ or complexity compared to the previous functions. An updated position description should be completed to reflect the new duties. The new position description should be reviewed by the Divisional HR Office to determine if the position should be reclassified or reallocated. If reclassification/reallocation is appropriate, this should be done prior to a DMC.
- Employee demonstrates increased and significant competencies which are directly related to the permanent assignment.

In order to receive a DMC, the employee must have had a performance evaluation conducted within the past 12 months. If the employee is in a supervisory position, the employee must also have completed performance evaluations for all subordinate employees within the past 12 months.

ELIGIBILITY FOR DISCRETIONARY MERIT COMPENSATION

All classified permanent and project employees are eligible for DMC **except** the following employees:

- Employees in crafts worker and related positions (i.e., trades).
- Employees in supervisory positions who have not completed formal performance evaluations on all subordinate employees within the past 12 months.
- Any employee whose job performance has been rated below satisfactory in the previous fiscal year.

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Additional factors to consider when determining if a DMC is appropriate include, but not limited to, the following:

- Whether an employee is on probation.
- Whether it is more appropriate to reclassify or reallocate the employee's position.
- Whether the employee received previous DMCs for similar reasons.

AMOUNT/FREQUENCY

Employees may receive a maximum of four within-range-pay steps in any given fiscal year, subject to the maximum of the pay range. Classified permanent and project positions may be granted an adjustment in the form of a base pay adjustment, a lump sum adjustment or a combination of both.

Note on broadbanded employees: DMCs requests with effective dates that fall within 12 months of the most recent pay upon appointment will only be approved under exceptional circumstances.

DMC and DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT

If an employee receives a DMC, he or she is still eligible for a Discretionary Equity or Retention Adjustment of up to four within-range-pay steps in the same fiscal year. Please refer to the Discretionary Equity or Retention Adjustment Policy for further information and eligibility requirements.

EFFECTIVE RECEIPT

A DMC may be granted at any time during the fiscal year. The effective date of a base building adjustment is the beginning of the pay period following effective receipt of the recommendation. The effective date of a lump sum adjustment will be the date the payment is made after final approval. No DMC may be retroactive.

The date of effective receipt shall be considered the date the complete request is received by Classified Human Resources (CHR). A complete request must include a justification that meets the DMC criteria above. In some instances, CHR may delegate effective receipt to the divisional human resources offices.

APPROVAL PROCESS

All DMC requests must include a complete justification that meets the criteria identified above. DMC requests can be initiated by supervisors, divisional representatives, or eligible employees through a self-nomination process. Eligible employees who self-nominate themselves for a DMC may only do so once every fiscal year. The fiscal year restriction does not apply to supervisors and division representatives nominating employees.

The approval process for all UW-Madison DMC requests must start by utilizing the online Discretionary Compensation Administrator located at <http://apps.ohr.wisc.edu/dmc>

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In order for a DMC to be granted, the request must be approved through the following process:

- 1. Division:** Each Division is responsible for forming its own DMC Review Committee. This committee is responsible for ensuring consistent application of the DMC criteria within its division.

The DMC Review Committee will review all DMC recommendations and provide input to the dean/director. The dean/director or designate will review all requests for final division approval.

- 2. UW-Madison:** Classified Human Resources is responsible for reviewing the DMC requests approved at the divisional level for completeness. The request is then forwarded to the Chancellor or the Chancellor's designee (e.g., Office of Human Resources) for approval or denial.
- 3. Office of State Employment Relations (OSER):** Once approved by the Chancellor or the Chancellor's designee, the request will be submitted to OSER for its approval with a copy sent to UW System Administration. OSER is the final approver of all DMC requests unless delegation is provided to UW-Madison.

August 2013

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JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

NOTE: This form is for reference purposes only. All UW-Madison DMC Requests must be submitted using the online DC Administrator. Please contact your HR Representative regarding the electronic DMC process.

| | | | | | | | |
|--|--|------------------------------|--|---|--|---|---|
| AGENCY: UW-Madison | | EMPLOYEE NAME: | | CLASSIFICATION TITLE: | | PAY SCHEDULE & RANGE: | |
| CRITERIA (select only one criterion) | | | | JUSTIFICATION (PROVIDE SPECIFICS AND DETAILS) | | INCREASE AMT. Hourly or Lump Sum | NUMBER OF WRPS OR EQUIVALENT |
| <p>Merit: Employee recognition for superior or meritorious performance. Merit criteria/factors which should be considered include:</p> <ul style="list-style-type: none"> • Length or frequency of the outstanding performance • Overall significance or importance of the employee's work products to the organization; • Regularity with which the outstanding performance or unique contribution is demonstrated (e.g., an employee who routinely demonstrates exceptional performance and performs special projects on an ongoing basis, as compared to an employee who completes a one-time special project) <p>Merit-related criteria/factors which may be considered include:</p> <ul style="list-style-type: none"> • Employee has new permanent job duties and /or responsibilities of growing importance to the agency that have been either newly assigned or were an evolution of their originally assigned functions. The new duties are of greater scope, impact and/or complexity compared to the previous functions; or <p>Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position.</p> | | | | Provide justification on page 2 of this document. | | | |
| DMC RECOMMENDATION | | | | | | | |
| Old Base Salary \$ | | New Base Salary \$ | | Funding Source(s): | | DMC Effective Date: | |
| | | | | | | # Prior WRPS in Same FY: | |
| | | | | | | Broadband PUA in last 12 months: ___ No ___ Yes Effective Date: _____ | |
| Recommended By Supervisor: | | Date: | | Division/Director Approval | | Date: | |
| | | | | | | | |
| CHANCELLOR APPROVAL: | | | | <input type="checkbox"/> APPROVED: | | <input type="checkbox"/> DENIED | |
| OSER APPROVAL: | | | | <input type="checkbox"/> Base Pay Adjustment: _____ | | <input type="checkbox"/> Lump Sum: _____ | |
| | | | | <input type="checkbox"/> APPROVED: | | <input type="checkbox"/> DENIED | |
| | | | | <input type="checkbox"/> Base Pay Adjustment: _____ | | <input type="checkbox"/> Lump Sum: _____ | |
| | | | | | | DATE: | |
| | | | | | | DATE: | |
| UW INSTITUTION HR CONTACT NAME: | | | | CONTACT PHONE NO: | | | |
| | | | | | | | |

JUSTIFICATION:

| |
|--|
| CRITERIA (Check all that apply): |
| <input type="checkbox"/> Merit <input type="checkbox"/> Employee received performance evaluation within last 12 months <input type="checkbox"/> Employee is a supervisor and has completed required performance evaluations for all subordinates |
| JUSTIFICATION NARRATIVE (Provide specifics and supporting documentation below): |

DISCRETIONARY MERIT COMPENSATION (DMC) INSTRUCTIONS

EMPLOYEE INFORMATION

- Agency:** Enter UW-Madison
- Employee Name:** Insert full name of employee
- Classification Title:** Insert complete classified title of employee
- Pay Schedule/Range:** Insert pay schedule and range for classification title

DMC JUSTIFICATION

Provide specifics and details within the “Justification” section as to how the employee meets the Merit/Performance criteria.

Merit/Performance

Eligibility: Required: In order to receive a DMC in this category, the employee must have had a formal performance evaluation conducted within the past 12 months of the effective date. If the employee is in a supervisory title, the employee must have completed performance evaluations for all subordinates within the past 12 months

Classified permanent and project employees, excluding all Crafts Worker and related employees, may be granted a base pay adjustment, a lump sum adjustment or a combination of both.

Definition: Employee recognition for superior or meritorious performance. Merit criteria/factors which *should* be considered include:

- Length or frequency of the outstanding performance
- Overall significance or importance of the employee’s work products to the organization;
- Regularity with which the outstanding performance or unique contribution is

demonstrated (e.g., an employee who routinely demonstrates exceptional performance and performs special projects on an ongoing basis, as compared to an employee who completes a one-time special project)

Merit-related criteria/factors which *may* be considered include:

- Employee has new permanent job duties and /or responsibilities of growing importance to the agency that have been either newly assigned or were an evolution of their originally assigned functions. The new duties are of greater scope, impact and/or complexity compared to the previous functions; or
- Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position.

**Note: Definition provided is official OSER definition*

Increase Amount (Hourly or Lump Sum):

Insert the amount you wish to provide to the employee. For classified permanent and project employees, excluding all Crafts Worker and related employees, this amount can be a “lump sum” payment and/or “base-building” adjustment.

Base-building adjustments are increases to the employees’ permanent rate of pay while lump sum payments are one-time payments. Rationale for a lump sum payment may be for a temporary assignment that is not part of the employees’ normal job and will typically go away in the near future. Lump-sum payments may also be used because an organization is not able to continue the increased funding (base adjustment) in the next fiscal year.

Base-builder adjustments are an hourly figure for any amount **up to four steps** within the appropriate pay band. Lump-sum payments are a dollar figure **up to the equivalent of four steps** within the appropriate

pay band (e.g., \$500 payment divided by standard of 2088 hours would equal \$0.240 an hour). To determine step sizes within a pay band go to the [compensation plan](#).

of WRPS or Equivalent:

(Note: WRPS stands for Within Range Pay Steps)

Calculate number of steps granted with this request. Lump-sum payments should be converted to an hourly rate (divide by 2088). To determine step sizes within a pay band go to the [compensation plan](#). *Adjustments/payments do not need to be made in whole step increments.*

DMC RECOMMENDATION

Old Base Salary:

Insert the employee's current rate of pay.

New Base Salary:

Calculate and insert the new hourly rate by adding together the old base rate (current) and amount recommended as a base-builder. Leave this blank if providing a lump sum payment.

Funding Source:

Enter the name of the funding source that will be used to fund the DMC (i.e. GPR, PRF, SEG, etc.)

DMC Effective Date:

Effective date for base-building adjustments will be the first day of the pay period following effective receipt of the DMC recommendation. Effective receipt shall be considered the date the request is received by Classified Human Resources unless Classified Human Resources has delegated effective receipt to the Divisional Human Resources office.

The effective date of a lump sum adjustment will be the date the payment is made after OSER approval. DMCs cannot be retroactive.

Prior WRPS in Same FY:

Calculate number of steps granted, not including this request, for the current fiscal year. Go to the above information to determine step sizes.

Broadbanded PUA in last 12 months:

Indicate if employee has received a new position within the past twelve months, even if pay rate did not change. If so, include effective date.

SIGNATURES

Signatures:

Supervisor will sign in the designated box, print name below signature, and date the request. Submit request based on your DMC submittal/approval process for your college/division/school (consult with your HR Representative). College/school/division internal review committee will review request and forward to dean/director, if approved. Dean/director submits to Classified Human Resources.

Note: The Discretionary Compensation Administer electronically populates all signatures.

Approval Process:

For all DMC requests, Classified Human Resources is responsible for reviewing the DMC requests approved at the divisional level for completeness. The request is then forwarded to the Chancellor or the Chancellor's designee (e.g., Office of Human Resources) for final UW-Madison approval or denial. All requests are then sent to the Office of State Employment Relations for final approval with a copy to UW System Administration unless delegation is provided to UW-Madison. Per Section J (2) (1) of the 2013-15 Compensation Plan, "The granting, denial, and amount of any DMC is not grievable."

UW Institution Contact Name and Phone number:

Contact name and phone number will be filled in with Classified Human Resources DMC contact.

If you have questions about DMCs and the internal process for your college or school, contact your employing unit HR representative.

August 2013

2013-2015 Discretionary Merit Compensation (DMC) Eligibility Chart
Eligibility by Pay Schedule

| Pay Schedule | DMC WRPS* fiscal year limit | Base Pay DMC | Lump Sum DMC |
|--------------------------------------|--|-------------------------|-------------------------|
| 01 – Trades Supv/Mgmt | Not eligible | No | No |
| 02 – Administrative Support | 4WRPS | Yes | Yes |
| 03 – Blue Collar | 4WRPS | Yes | Yes |
| 04 – Trades | Not eligible | No | No |
| 05 – Security & Public Safety | 4WRPS | Yes | Yes |
| 06 – Technical | 4WRPS | Yes | Yes |
| 07 – Fiscal & Staff Affairs | 4WRPS | Yes | Yes |
| 11 – Patient Care | 4WRPS | Yes | Yes |
| 12 – Prof Staff Srvcs (nonbroadband) | 4WRPS | Yes | Yes |
| 13 – Education | 4WRPS | Yes | Yes |
| 14 – Engineering | 4WRPS | Yes | Yes |
| 15 – Science | 4WRPS | Yes | Yes |
| 36 – Law Enforcement | 4WRPS | Yes | Yes |
| 70 – Information Systems Related | 4WRPS | Yes | Yes |
| 81 – General | 4WRPS | Yes | Yes |

*WRPS – Within Range Pay Step