

DEPARTMENT OF MILITARY AFFAIRS
STATE HUMAN RESOURCES
PRACTICE AND PROCEDURE MANUAL

STATUS: (X) FINAL () DRAFT
EFFECTIVE DATE: 1/1/12 (Revised September 2015)

BULLETIN NO.: 1.500
Page: 1 of 13

SUBJECT: Discretionary Equity or Retention Adjustments (DERA) and Discretionary Merit Compensation (DMC) Adjustments/Payments

SECTION: Compensation

Practice:

In accordance with Section I and Section J of the 2015-2017 Compensation Plan, the Discretionary Equity or Retention Adjustment (DERA) program and the Discretionary Merit Compensation (DMC) program are intended to provide the appointing authority, The Adjutant General, with discretion for awarding monetary recognition to eligible employees covered by the Compensation Plan. The granting, denial, amount, and type (base building or lump sum) of DERA or DMC are not grievable.

[Section I](#) of the Compensation Plan and the Division of Personnel Management (DPM) Wisconsin Human Resources Handbook [Chapter 552](#) provide general DERA policy and procedure for all state agencies. [Section J](#) of the Compensation Plan and the DPM WI HR Handbook [Chapter 550](#) provide general DMC policy and procedure for all state agencies. This bulletin addresses administration of DERA and DMC specifically for the Department of Military Affairs (DMA). The procedures set forth in this bulletin must be used and written justification must be provided to substantiate DERA and DMC adjustments and payments.

Eligibility and Coverage:

- DMA employees in pay status assigned to a classification in a **broadband pay schedule**, whose pay administration is covered by Section I of the Compensation Plan, are eligible for DERA.
- DMA employees in **broad banded pay schedules** who have had pay upon appointment within the previous 12 months may not be eligible for DMC. Such requests will require extensive justification and exception review by DPM.
- Employees are eligible for DERA base building, lump sum, or combination of both methods of payment. Classified employees are eligible for DMC base building, lump sum, or combination of both methods of payment, with the exception of Crafts-related employees (pay schedule 04) who are only eligible for lump sum awards. Unclassified employees who are serving fixed terms are not eligible for DMC.
- DMA employees in pay status whose pay administration is covered by the Compensation Plan are eligible for DMC except for those indicated below.

The following employees are considered ineligible to receive **both DERA and DMC**:

- Employees who have not received a formal performance evaluation within the last twelve months,
- Employees whose job performance in the previous fiscal year was rated below satisfactory,

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SECTION: Compensation

- Supervisors who did not complete formal performance evaluations on all subordinate employees for whom performance evaluations are required,
- Trainees eligible for scheduled trainee increases, and
- Limited Term Employment (LTE) employees.

The following employees are considered ineligible to receive **DERA only**:

- Unclassified employees and
- Employees in classifications not assigned to broadbanded pay schedules.

The following employees are considered ineligible to receive **DMC only**:

- Unclassified employees serving a fixed term appointment.

Please see Attachment #4 for a chart of DERA eligibility and Attachment #5 for a chart of DMC eligibility as it pertains to the DMA workforce.
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Funding:

All DERA adjustments and DMC awards are funded from the appropriate salary line within DMA's budget, that which is used to normally fund the employee's salary. There is no additional designated funding for these adjustments. As such, recommendations must be made with the assurance that adequate funding exists to maintain the DERA adjustment or DMC award.

Effective Date:

DERA or DMC may be granted at the beginning of any pay period during the fiscal year. All requests for DERA or DMC should be submitted through their Division Administrator, Directorate Head or Wing/Base Commander to the DMA State Human Resources (SHR) Office. Requests will be logged in and effective date set. Awards approved by the Adjutant General will be effective at the beginning of the pay period following effective receipt of DMC/DERA recommendation by SHR. Adjustments cannot be retroactive.

Procedure:

1. Supervisor submits justification *on the DPM DERA Request Form (Attachment #1) or DPM DMC Request Form (Attachment #2)* to their Division Administrator, Directorate Head, or Wing/Base Commander.

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SECTION: Compensation

2. Employees are eligible to self-nominate no more than once per fiscal year. In such cases, the employee will complete the appropriate request form and submit to their supervisor, who will make his/her recommendation. If the supervisor recommends disapproval, the request must still be forwarded through the chain of command to the SHR Director.
3. Recommendations for DERA must include supporting documentation as follows:
 - *Equity* adjustment recommendations will only be approved if the employee's salary has been determined to be lower than that of other state employees performing the same or similar duties at the same level of proficiency and who have comparable years of state service or if there is significant pay compression between the employee and the subordinates supervised. There are limitations to these criteria which can be found in the State of Wisconsin Compensation Plan, [Section I – 6.00 \(f\) \(1-7\)](#).
 - *Retention* adjustment recommendations must provide supporting documentation that the employee is actively seeking other employment, or the employee actually has a job offer in hand and the resultant loss of the employee's knowledge and experience would be a detriment to the agency, therefore, requiring a pay adjustment be made in order to retain the employee.
 - The method of payment (i.e. base building, lump sum, or combination of both) must also be identified in the request and justification must include rationale for the proposed method(s) of payment.
4. Upon receipt of recommendation, the SHR Director will assess and assure the recommendation complies with established criteria, justification standards, and State of Wisconsin Compensation Plan provisions.
5. The SHR Director will submit the request to the Director of State Budget and Finance (SBF) for budget review purposes only and returned to SHR. If inadequate funding exists to support the recommendation, the SBF Director will annotate on the recommendation form.
6. If the request is modified or denied, the SHR Director will notify the Division Administrator, Directorate Head, or Wing/Base Commander of the modification or denial. For those self-nominations that are denied, the Supervisor will then inform the employee.
7. All requests, whether approved or denied, will be submitted to appropriate DAG or JCOS for review.
8. The SHR Director will submit all approved requests to The Adjutant General for decision (approve, modify, or deny). SHR will provide technical assistance as requested.
9. If the request is approved by The Adjutant General, the request will be returned to SHR.
10. SHR will submit the request to DPM for review and approval, modification, or denial.
11. If the request is approved by DPM, it will be returned to SHR and processed in accordance with effective date (see above).
12. The SHR Director will develop a letter for TAG's signature informing the employee of the approved award and notify payroll to process the adjustment.

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SECTION: Compensation

Amounts and Methods of Payment:

Eligible employees may be granted **DERA** adjustments in any amount up to the value of four (4) within-range pay steps (WRPS) per fiscal year, including DERA granted by a single agency or by multiple agencies.

Classified employees may be granted **DMC** in any amount up to the value of four (4) within-range pay steps (WRPS) per fiscal year, including DMC awards granted by a single agency or by multiple agencies.

Unclassified employees are not eligible for lump sum awards and may only be granted DMC awards as base building adjustments.

DERA adjustments and DMC awards are not subject to the 10% total cumulative adjustment a classified employee can receive as provided in s.230.12 (5)(d), Wisconsin Statutes.

Any employee paid at or above the applicable pay range maximum may not receive a base-building adjustment.

<p>The Compensation Plan provides that under exceptional circumstances requests to exceed the specific WRPS limits stated above may be considered for classified and unclassified employees. Such requests will require extensive justification and exception review by DPM.</p>
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Calculating Maximum Allowable Amounts and Number of WRPS:

Visit the Office of State Employment Relations [Reference Center](#) web page. Click on the *Alphabetical Listing of Classifications*. Locate the *Class Title* for the employee being recommended for DERA or DMC. Locate the *WRPS* for the class title.

For base building, multiply the WRPS figure by 4. That figure is the maximum hourly amount allowed for a base building increase for that classification. For lump sum DMC for classified employees, multiply that figure (4 WRPS) by 2080. That figure is the maximum amount allowed for a lump sum award for that classification. Be aware that recommendations can include any amount up to the maximum allowed.

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Example 1: Class Title: Office Operations Associate; WRPS: \$0.4 (as of October 2015)

$\$0.43 * 4 = \1.73 (This is the maximum hourly amount allowed for a base building DMC.)
 $\$1.72 * 2080 = \$3,577.$ (This is the maximum amount allowed for a lump sum DMC award.)
If the base building adjustment or lump sum amount being recommended is equal to the WRPS figures (i.e. exactly one, two, three, or four WRPS), this is the number of WRPS that must be identified in the request. For example, if the Office Operations Associate above received a base building adjustment of \$0.43, that would be one (1) WRPS. A base building adjustment of \$0.86 per hour would be two (2) WRPS, and so forth up to four (4) WRPS. A lump sum of \$2,683 would be exactly three (3) WRPS.

If the base building adjustment or lump sum amount is not exactly equal to the WRPS amounts, as described above, following is the method for calculating the exact WRPS to include in the request. Please work out the WRPS rounded up to the second decimal place.

Example 2: You want to recommend the Office Operations Associate receive a base building adjustment of \$0.50 per hour, which is not exactly in line with the WRPS figure. Divide that figure by one WRPS: $\$0.50/\$0.43 = \underline{1.16}$ WRPS. This is the WRPS that will be identified in the request.

Example 3: You want to recommend a lump sum DMC in the amount of \$2,000. Divide that lump sum amount by 2080 to convert to an hourly figure. Then divide that hourly figure by one WRPS: $\$2,000/2080 = \$0.962.$ $\$0.962/\$0.428 = \underline{2.25}$ WRPS. This is the WRPS that will be identified in the request.

If needed, please contact your assigned Human Resources Specialist for assistance.

<p>The DMA will comply with all reporting requirements as identified in the State of Wisconsin Compensation Plan.</p>

ATTACHMENT #1 - JUSTIFICATION FOR DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT (DERA)

AGENCY:		EMPLOYEE NAME:		CLASSIFICATION TITLE:		PAY SCHEDULE & RANGE:	
465 - DMA							
CRITERIA				JUSTIFICATION	INCREASE AMOUNT	NUMBER OF WRPS OR EQUIVALENT	
Pay Equity: Justifications should be supported by criteria outlined in Section I, 6.00(6) of the Compensation Plan.				Provide justification on page 2 of this document.			
Retention: Justifications should be supported by criteria outlined in Section I, 6.00(6) of the Compensation Plan.				Provide justification on page 2 of this document.			
DERA RECOMMENDATION							
Old Base Salary:		New Base Salary:		Funding Source(s):		DERA Effective Date:	
						# Prior WRPS in Same FY:	
Supervisor: PRINT and SIGN/DATE		Cdr/Dir/Administrator: PRINT and SIGN/DATE		Budget & Finance: PRINT and SIGN/DATE		Human Resources: PRINT and SIGN/DATE	

AGENCY HEAD APPROVAL (signature):	_____ APPROVED:	_____ DENIED	DATE:
	Base Pay Adjustment: _____	Lump Sum: _____	

DPM APPROVAL:	_____ APPROVED:	_____ DENIED	DATE:
	Base Pay Adjustment: _____	Lump Sum: _____	

AGENCY CONTACT NAME: Joni Mathews	CONTACT PHONE NO: 608-242-3163
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ATTACHMENT #1 - JUSTIFICATION FOR DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT (DERA)

JUSTIFICATION:

CRITERIA (Check all that apply):
<input type="checkbox"/> Pay Equity <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
<input type="checkbox"/> Retention <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)

INSTRUCTIONS FOR DERA JUSTIFICATION FORM COMPLETION

All areas of the form *must* be completed by the agency; incomplete forms will be returned to the sending agency for completion and resubmittal. Below is the list of boxes contained on this DERA form with instructions for completion.

Page 1

1. **Agency** – Agency name or agency acronym (including secondary level)
2. **Employee Name** – Employee last name, first name, and middle initial
3. **Classification Title** – Employees full classification title (not working title); position title for unclassified employees
4. **Pay Schedule & Range** - Numerical broadband pay schedule and range
5. **Increase Amount** – Amount to be provided as a lump sum payment or the base increase amount
6. **Number of WRPS or Equivalent** - Calculate the number of WRPS equivalent for each DERA (base and or lump sum) awarded. For lump sum awards, calculate the number of WRPS by dividing the award by 2080, then divide that amount by the applicable WRPS amount from the pay schedule (or 3% of minimum for pay ranges not having a listed WRPS).
7. **Old Base Salary** – Employee’s base pay rate prior to the DERA
8. **New Base Salary** - Employee’s base pay rate after the DERA
9. **Funding Sources** - List source(s) of agency funds used to pay for DERA, e.g., GPR, PRO, SEG, etc.
10. **DERA Effective Date** – Show the first day of the pay period following the “effective date of receipt by agency” as the DERA effective date.
11. **# of Prior WRPS in Same FY** – Show total WRPS of any previous DERA in the same fiscal year.
12. **Recommended By; Budget Approval; Division Administrator Approval** - This yellow shaded area may be modified consistent with the agency’s internal approval process. **Agency Head Approved/Denied** - Appointing Authority or designee (Deputy or Executive Assistant only): This signature line may not be modified and every DERA recommendation form must include this signature.
13. **DPM Approved/Denied** - DPM completes
14. **Agency Contact Name** – Identify agency staff who will respond to DPM questions about the DERA recommendation and to whom DPM’s review results will be returned.

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15. **Criteria** - Place an X next to applicable DERA criteria. **Individual DERA requests should be limited to either equity or retention.** All recommendations must show that the employee has had a performance evaluation in the past 12 months, and if the employee is a supervisor, the employee must have completed required performance evaluations for all subordinates (check boxes to confirm these statements).
16. **Justification** - Provide specifics and supporting documentation as needed. Documentation may be provided as an attachment.
17. **Submit the completed and approved DERA Justification form, along with the DMC/DERA Report spreadsheet form DPM-DCLR-221,** to the DERA Request mailbox at DPM DCLR DMC-DERA Requests@wisconsin.gov.
18. **Payroll Processing of DERA Lump Sums** - Prior to entering the DERA lump sum amount into the payroll system, the DOA Central Payroll system requires documentation of DPM approval. As documentation, agencies may either: (1) Attach the *first page* of the DPM-approved (signed) DERA Justification Form (DPM-DCLR-224), or (2) attach an DPM DERA approval e-mail that includes the employee name(s) and lump sum amount(s).

ATTACHMENT #2 - JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

AGENCY:		EMPLOYEE NAME:		CLASSIFICATION TITLE:		PAY SCHEDULE & RANGE:	
465 - DMA							
CRITERIA				JUSTIFICATION	INCREASE AMOUNT	NUMBER OF WRPS OR EQUIVALENT	
<p>Merit: Employee recognition for superior or meritorious performance. Justifications should be supported by criteria outlined in Section J, 2.00(5) of the Compensation Plan.</p> <p>Retention: Justification should be supported by criteria outlined in Section J, 2.00(5) of the Compensation Plan.</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: _____		
Supervisor: PRINT and SIGN/DATE		Cdr/Dir/Administrator: PRINT and SIGN/DATE		Budget & Finance: PRINT and SIGN/DATE		Human Resources: PRINT and SIGN/DATE	

AGENCY HEAD APPROVAL (signature):	_____ APPROVED:	_____ DENIED	DATE:
	Base Pay Adjustment: _____	Lump Sum: _____	

DPM APPROVAL:	_____ APPROVED:	_____ DENIED	DATE:
	Base Pay Adjustment: _____	Lump Sum: _____	

AGENCY CONTACT NAME: Joni Mathews	CONTACT PHONE NO: 608-242-3163
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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
<input type="checkbox"/> Retention <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)

INSTRUCTIONS FOR DMC JUSTIFICATION FORM COMPLETION

All areas of the form *must* be completed by the agency; incomplete forms will be returned to the sending agency for completion and resubmittal. Below is the list of boxes contained on this DMC form with instructions for completion.

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19. **Agency** – Agency name or agency acronym (including secondary level)
20. **Employee Name** – Employee last name, first name, and middle initial
21. **Classification Title** – Employees full classification title (not working title); position title for unclassified employees
22. **Pay Schedule & Range** - Numerical pay schedule and range
23. **Increase Amount** – Amount to be provided as a lump sum payment or the base increase amount
24. **Number of WRPS or Equivalent** - Calculate the number of WRPS equivalent for each DMC (base and/or lump sum) awarded. For lump sum awards, calculate the number of WRPS by dividing the award by 2080, then divide that amount by the applicable WRPS amount from the pay schedule (or 3% of minimum for pay ranges not having a listed WRPS).
25. **Old Base Salary** – Employee’s base pay rate prior to the DMC
26. **New Base Salary** - Employee’s base pay rate after the DMC
27. **Funding Sources** - List source(s) of agency funds used to pay for DMC, e.g., GPR, PRO, SEG, etc.
28. **DMC Effective Date** – Show the first day of the pay period following the “effective date of receipt by agency” as the DMC effective date.
29. **# of Prior WRPS in Same FY** – Show total WRPS of any previous DMC in the same fiscal year.
30. **PUA in last 12 months** – Show any broadband appointment date(s) in last twelve months, even if pay did not change. Leave space blank if no appointment in past 12 months.
31. **Recommended By; Budget Approval; Division Administrator Approval** - This yellow shaded area may be modified consistent with the agency’s internal approval process. **Agency Head Approved/Denied** - Appointing Authority or designee (Deputy or Executive Assistant only): This signature line may not be modified and every DMC recommendation form must include this signature.
32. **DPM Approved/Denied** - DPM completes
33. **Agency Contact Name** – Identify agency staff who will respond to DPM questions about the DMC recommendation and to whom DPM’s review results will be returned.

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34. **Criteria** - Place an X next to merit criteria. All DMC recommendations must show that the employee has had a performance evaluation in the past 12 months, and if the employee is a supervisor, the employee must have completed required performance evaluations for all subordinates (check boxes to confirm these statements).
35. **Justification** - Provide narrative supporting the merit award. Documentation may be provided as an attachment.
36. **Submit the completed and approved DMC Justification form, along with the DMC/DERA Report spreadsheet form DPM-DCLR-221,** to the DPM DCLR DMC-DERA Request mailbox at DPM DCLR DMC-DERA Requests@wisconsin.gov.
37. **Payroll Processing of DMC Lump Sums** - Prior to entering the DMC lump sum amount into the payroll system, the DOA Central Payroll system requires documentation of DPM approval. As documentation, agencies may either: (1) Attach the *first page* of the DPM-approved (signed) DMC Justification Form (DPM-DCLR-220), or (2) attach an DPM DMC approval e-mail that includes the employee name(s) and lump sum amount(s).

ATTACHMENT #3 – DMA DERA Eligibility Chart
Eligibility by Pay Schedule or Range with Exceptions Noted

The chart below is a visual aid to assist in identifying DMA employee eligibility for DERA, including amounts and methods of payment. This chart is organized by pay schedules or ranges which are assigned to positions within the DMA. Please see the [Alphabetical Listing of Classifications](#) to identify the relevant pay schedules or ranges and the Within Range Pay Steps (WRPS) applicable to employee classifications.

Pay Schedule or Range	DERA WRPS fiscal year limit	Eligible Criteria	Base Pay DERA	Lump Sum DERA	Exceptions Explanation
02	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
03	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
04	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
05	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
06	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
07	4 WRPS	Equity/Retention	Yes	Yes	
11	4 WRPS	Equity/Retention	Yes	Yes	
12	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
13	4 WRPS	Equity/Retention	Yes	Yes	
14	4 WRPS	Equity/Retention	Yes	Yes	
15	4 WRPS	Equity/Retention	Yes	Yes	
71-01	4 WRPS	Equity/Retention	Yes	Yes	
81	4 WRPS	Equity/Retention	Yes	Yes	
90	Not eligible	None	None	None	Ineligible: not a broadband pay schedule

ATTACHMENT #4 – DMA DMC Eligibility Chart
Eligibility by Pay Schedule or Range with Exceptions Noted

The chart below is a visual aid to assist in identifying DMA employee eligibility for DMC, including amounts and methods of payment. This chart is organized by pay schedules or ranges which are assigned to positions within the DMA. Please see the [Alphabetical Listing of Classifications](#) to identify the relevant pay schedules or ranges and the Within Range Pay Steps (WRPS) applicable to employee classifications.

Pay Schedule/Range	DMC WRPS fiscal year limit	Base Pay DMC	Lump Sum DMC	Exceptions Explanation
02	4 WRPS	Yes	Yes	
03	4 WRPS	Yes	Yes	
04	4 WRPS	No	Yes	Crafts Workers are ineligible for retention DMC
05	4 WRPS	Yes	Yes	
06	4 WRPS	Yes	Yes	
07	4 WRPS	Yes	Yes	
11	4 WRPS	Yes	Yes	
12	4 WRPS	Yes	Yes	
13	4 WRPS	Yes	Yes	
14	4 WRPS	Yes	Yes	
15	4 WRPS	Yes	Yes	
71-01	4 WRPS	Yes	Yes	
81	4 WRPS	Yes	Yes	
90 (not serving a fixed term)	2 WRPS	Yes	No	Employees in Schedule 90 serving fixed term are not eligible for DMC.