

UNIVERSITY OF WISCONSIN SYSTEM
Discretionary Merit Compensation (DMC)
Discretionary Equity or Retention Adjustment (DERA)
Criteria and Guidelines

Effective: June 30, 2013

Discretionary Merit Compensation (DMC) or Discretionary Equity or Retention Adjustment (DERA) for classified employees allocated to classifications assigned to broadband or non-broadband pay schedules are available at the discretion of management to provide employees with additional compensation. The criteria and guidelines outlined below will enable each UW-institution to use the DMC or DERA awards in a consistent and equitable manner. These guidelines were developed by the UW System Administration Office of Human Resources and Workforce Diversity at the request of the Office of State Employment Relations (OSER).

DMC Criteria

Following are the criteria for DMC in the University of Wisconsin System. DMC applies to permanent and project employees in positions allocated to classifications assigned to broadband and non-broadband pay schedules.

Merit: 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.

DERA Criteria

Following are the criteria for DERA in the University of Wisconsin System. DERA applies to permanent and project employees in positions allocated to classifications assigned to broadband pay schedules.

Pay Equity: 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 relevant service; or there is significant pay compression between the employee and his/her immediate subordinates; or established labor market data identifies a need to award market adjustments in order to achieve equity with external public/private employers.

Retention: The employee possesses special skills that are in high demand in other organizations or 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. (This may be evident by employee receiving an outside offer of employment based on the special skills.)

Review Process

DMC and DERA recommendations should be made to the UW institution Human Resource Director, who shall review the justification, ensure signatures, and forward to the institution Chancellor or Chancellor's designee.

The Chancellor or designee shall determine whether the recommendation is approved or denied as well as the amount and type of all adjustments. If approved by the Chancellor or designee, the DMC or DERA request shall be sent to the "OSER DCLR DMC" inbox (OSERDCLRDMCrequests@wisconsin.gov) with a copy sent to UWSA (dmc@uwsa.edu) in the UW System Office of Human Resources and Workforce Diversity. In addition, the attached spreadsheet must be filled out with the requested information and included with the DMC or DERA request.

All DMCs and DERAs must be approved by OSER prior to being granted.

Effective Receipt

A DMC or DERA may be granted at any time during the fiscal year. The effective date of a base building or lump sum adjustment is the beginning of the first pay period following effective receipt of the recommendation. Effective receipt shall be considered the date the institution's central Human Resources office receives the recommendation (unless the central HR office has delegated effective receipt to an HR office in an employing unit). No DMC or DERA may be retroactive.

Amount/Frequency

A combination of base pay adjustments and lump sum payments up to four within-range steps may be granted to an employee as a DMC in any given fiscal year. Additionally, employees eligible for DERA may receive up to four within-range steps as a base pay adjustment, lump sum or combination per fiscal year. Base pay adjustments are subject to pay range maximums.

The factors to be considered in determining whether to approve a DMC or DERA include, but are not limited to, the following:

- Whether the request is feasible within the department's budget.
- Whether an employee is on probation.
- Employee's last performance evaluation indicates satisfactory or above performance.
- Whether it is more appropriate to reclassify or reallocate the employee's position.
- Whether previous DMCs or DERAs were for similar reasons.
- If the employee for whom the request is being made is a supervisor, whether he/she completed evaluations within the past 12 months on all subordinate employees for whom performance evaluations were required.

For additional information, please refer to Chapter 550 of the Wisconsin Human Resources Handbook, Discretionary Merit Compensation (DMC) and Discretionary Equity or Retention Adjustment (DERA) Guidelines.