



Compensation Guidelines
Issue and Effective May 13, 2007
Revised May 2011

Compensation requests can be submitted in accordance with Merit Rules 4.4.2 (Advanced Starting Salaries), 4.4.3 (Critical Shortage/Leveling up), 4.7 (Partial or Full Retention of Salary Upon Voluntary Demotion), 4.13.6 (Straight Time Overtime Requests), 4.13.8 (Time and One Half Overtime Requests), Blanket Starting Salary guidelines and/or guidelines to interpret Section 21 (or applicable section) of the Fiscal Year Budget Act. Agencies shall submit all compensation requests to their assigned HRM analyst with a copy to the HRM office manager. Electronic submissions are preferred and should include a copy to the agencies' appointing authority or designee. Back up information that cannot be sent via email can be faxed to (302)739-7984 to your assigned analyst.

When preparing compensation requests, please keep in mind the following:

- New hire requests where the job offer is pending an advanced starting salary approval are a priority and should be identified as "new hire, pending advanced starting salary approval".
- An employee moving from an exempt to merit position through competitive hire would fall under the same guidelines as an initial merit hire as defined in Merit Rule 4.4 (starting rate on initial appointment).
- Newly hired exempt employees and employees who change from a merit status to an exempt status, upon initial appointment only, shall have their rate of pay set at the discretion of the hiring agency. The rate of pay shall be set anywhere within the range of the equivalent paygrade of the exempt position; however, consideration should be given to internal equity. This excludes Section 10 salaries.
- Following an initial appointment into an exempt position, if an employee moves from one exempt position to another exempt position, the last sentence of Section 9 (a) of the Fiscal Year Budget Act applies; therefore, the employee is treated in accordance with Merit Rules 4.4.3 (Critical Shortage), 4.5 (Transfers), 4.6 (Promotion) and/or 4.12 (pay rates after reclass or grade change).
- The only time an advanced starting salary can be considered for a change in appointment status is (1) when a permanent employee promotes into a limited term position and then subsequently moves to a full time permanent position in the same classification and/or paygrade; (2) when an employee accepts a temporary promotion and then subsequently moves to a permanent promotion.
- If a compensation request is beyond 30 days of the effective date, please indicate the reason for the delay in submitting the request as HRM reserves the right to not consider late requests.
- If an employee moves from an SMV job classification to a non SMV classification, the rate of pay for the employee will be adjusted based on the regular merit pay range of the employee's newly assigned pay grade. The adjustment will include recalculation of all

general salary increases as though the employee had never been in a higher SMV pay range. Promotional increases will be granted in accordance with Merit Rule 4.6 following such recalculation, if applicable.

- Internal equity must be considered and addressed in all requests.
- HRM will consider external equity in all requests.
- Part-time experience for all salary requests is calculated by halving the total months/years of experience.
- An effective date should be provided for all compensation requests.
- Agencies must indicate that there are sufficient funds within their current base budget to cover the request and provide the funding source with percentage attributed to each source when funding is split. (GF, NSF, ASF)

Advanced Starting Salaries

Merit Rule 4.4.2

Advanced starting salary requests for new hires, promotions, voluntary demotions and changes in appointment status must include:

- An introductory paragraph defining:
 - The employee's name;
 - The requested salary amount and percentage of midpoint it represents;
 - Whether the salary is for a new hire awaiting our approval of salary to accept the job, or;
 - Whether a new hire accepted the position without approval of the advanced salary, or;
 - Whether the request is for a promotion, career ladder promotion or voluntary demotion.
- If the employee is currently a state employee, then provide the employee's current salary, classification and pay grade. If a promotion, then provide the salary reflecting the standard promotional increase.
- An explanation of how the requested amount was determined to include how the individual's qualifications are clearly over and above the job requirements as stated in the class specification and any required selective from the job posting if applicable. When an agency requests the Director to approve a starting rate based on critical shortage of applicants, the agency must also provide the specific job posting and plan, the referral list and any other pertinent information to establish critical shortage (see critical shortage/leveling up section below). Outside of the employee's education and experience, include any other pertinent information considered that weighed in on the amount that was requested. Examples of this may include, but are not limited to, the salaries of the employee to whom the position reports and/or the salaries of employees that report to the position if this was a factor considered in determining the amount. For a new hire, if consideration was given to the amount of pay decrease the employee would be receiving from a previous job, then include that information. You should also include if the employee stated he/she will not take a position for any less than the requested amount.
- An internal equity chart for your agency defining how the education, experience and/or training of the selected candidate compares to employees currently in the class whose salaries are equal to or less than the requested salary for comparison purposes. When reviewing internal equity, consideration must be given to the level of experience that

the applicant brings to the job. For example, if hiring a Finance Manager, we would look at their overall financial experience in addition to their experience at the “management/supervisory” level. We would give more weight to someone with 10 years experience as a Financial Analyst and 10 years experience as Financial Administrator than to someone with 20 years of financial experience but no experience at the management/supervisory level. This type of scenario should be clearly defined in the internal equity chart. Management/supervision experience in this example could be included under “exceptional factors considered” as shown in the sample advanced starting salary memo on pages 5-6.

- If there is a unique instance within a particular agency where there is only one employee in a particular class, consider other equal pay grades within the department as a benchmark.
- A signature line for the HRM Director. In addition, include a line for the HRM Director to indicate the salary amount approved (see page 6).

Advanced starting salary requests, with the exception of career ladder promotions, should include a copy of the application for the selected candidate, a copy of the job posting and a copy of the referral list, if applicable. Career ladder promotions should include documentation outlining how the employee meets the minimum job requirements and the promotional standards. Provided that an internal equity chart is submitted with the request, additional applications do not need to be submitted for internal equity comparisons.

Voluntary Demotion

Merit Rule 4.4.2

The rate of pay for employees demoted for reasons other than just cause (i.e. employee requests to be voluntarily demoted) shall be recommended by the agency for the HRM Director’s approval. The information submitted for a voluntary demotion request should follow the advanced starting salary guidelines addressed on the previous page.

Critical Shortage/Leveling up

Merit Rule 4.4.3

Advanced starting salary requests submitted based on critical shortage of applicants should include all the information defined above for advanced starting salaries plus:

- A description of recruitment efforts including outside advertising and length of posting and the results of these efforts.
- A copy of the referral list.
- If there is a critical shortage (defined as fewer than five applicants on an open competitive referral list) and leveling up is requested, an internal equity chart must be included. The chart should clearly identify the education, experience and/or training of the selected candidate compared to the employee(s) requested to be leveled up showing that their qualifications are at least equal to the candidate being hired.
- Signature lines for HRM Director, OMB Director and the Controller General.

Straight Time Overtime Requests for FLSA Exempt Employees

Merit Rule 4.13.6

- Explanation of the circumstances requiring payment of straight time overtime.
- Explanation of why compensatory time and/or flex time cannot be utilized.

- The names, class titles, and hourly rates of the employees included in the request.
- The estimated number of overtime hours for each employee.
- The specific period of time that the request covers (Generally, we approve such requests for the fiscal year, or a portion of the fiscal year. If an annual request, it will need to be submitted annually for a July 1 approval).
- The estimated total cost for all employees covered by the request and how the cost was determined.
- Signature lines for HRM Director and OMB Director.

Time and Half Overtime Requests for FLSA Exempt Employees Merit Rule 4.13.8

- Explanation of the circumstances requiring payment of time and half overtime.
- Documentation that turnover or recruitment difficulties are directly related to overtime market pressures (i.e. cite competitors who pay time and one-half).
- The names, class titles, and hourly rates of the employees included in the request.
- The estimated number of overtime hours for each employee.
- The specific period of time that the request covers (Generally, we approve such requests for the fiscal year, or a portion of the fiscal year. If an annual request, it will need to be submitted annually for a July 1 approval).
- The total cost for all employees covered by the request.
- Signature lines for HRM Director and OMB Director.
- If/when approved, check on the “FLSA exempt OT” checkbox on the job information page of the employee’s job record in PHRST.

Blanket Starting Salary Requests

In exceptional circumstances, the HRM Director, with the concurrence of the OMB Director and the Controller General may approve the limited use of blanket starting salaries for some classes and leveling up. Such exceptional circumstances include where there is documentation of a critical shortage, labor market competition, recruitment problems, and/or retention problems. Other circumstances may include the rising costs of using consultants to mitigate critical shortage or where other tools available have been tried or are not applicable.

An initial request for a blanket starting salary is usually tied to a new hire or a promotion. Once approved, the blanket is in effect from the date approved until the end of the fiscal year in which it was approved.

Requests for blanket starting salaries should include:

- The requested class or classes involved and the salary amount and percentage of midpoint it represents.
- An internal equity chart comparing how the job-related qualifications of the selected candidate compares to all employees currently in the class.
- Recruitment difficulties.
- Current vacancy and turnover rates.
- Cost of using consultants to mitigate critical shortage in the class, if applicable.
- Names of direct competitors that you may lose people to, if applicable.

- The cost for leveling up.
- Signature lines for HRM Director, OMB Director and the Controller General.

Guidelines to interpret Section 21 (or applicable section) of the Fiscal Year Budget Act can be found on our HRM Representative's web page.

ADVANCED STARTING SALARY SAMPLE MEMO

TO: Director, Human Resource Management

FROM: John Brown, Secretary, DNREC (or designee)

DATE: May 1, 2007

SUBJECT: New Hire, Pending Advanced Starting Salary Approval, Janelle Maloney

The Division of Parks and Recreation is requesting approval for an advanced starting salary for a new hire, Janelle Maloney, in the amount of \$31,000, 95% of midpoint. Ms. Maloney's acceptance of the Administrative Specialist II, PG 8 position, is contingent upon the advanced starting salary amount requested. Upon your review and approval, her start date will be May 15, 2007.

By reviewing the candidate's attached application, it is clear that she exceeds the job requirements with her 14 years as an Administrative Assistant with the State of Montana. This experience included using a variety of relevant software programs, training and supervising other employees, and collecting and compiling information. She also has an Associates Degree in Office Management as well as experience using an automated reservation system which will be an asset to the department as we refine our newly implemented on-line campground reservation system. Her experience in coordinating a large conference will also be helpful.

Internal Equity Chart

DNREC currently has six Administrative Specialist II positions within the Department that the requested salary would exceed; however, there are no internal equity concerns based on Ms. Maloney's education and experience level.

Name	Salary	Education, certification and/or special license	State Service	Relevant Adm. Specialist experience	Exceptional factors considered
Janelle Maloney	\$31,000, 95% of mid	A.A. in Office Management	0	15 years <ul style="list-style-type: none"> ○ 14 years as Adm Asst. with State of Montana ○ 1 year part time w/ State of Montana while pursuing degree (halved 2 yrs part time exp) 	Automated reservation experience

Allison Janey, F & W	\$27,000, 82.7% of mid	High School	3	3 years experience as an AS I with DOT	No special experience
Wesley Brown, Soil Cons.	\$27,500, 84.2% of mid	College Courses toward AA in Office Adm.	2	4 years as C/S with DNREC	No special experience
Carey Smith, Soil Cons.	\$28,622, 87.6% of mid	Courses	2	4 years experience <ul style="list-style-type: none"> o 2 years as Sec. with Dupont o 2 years as AS II with DNREC 	15 years exp at DuPont as a receptionist
Joyce Hill, F & W	\$29,884, 91.5% of mid	High School	4	10 years <ul style="list-style-type: none"> o 7 years experience AS I with DSCYF o 3 months with DNREC as AS II 	No special experience
Sandy Oster, Air and Water Resources	\$30,500, 93.4% of mid	High School	5	13 years <ul style="list-style-type: none"> o 8 years Secretarial exp w/ Bayhealth o 5 years as an AS I, DSHS. o Promoted Feb. 15 to AS II. 	No special experience
Stockard Channing, F & W	\$31,000, 95% of mid	Microsoft Cert.	7	13 years <ul style="list-style-type: none"> o 6 years with law firm as Sec. o 7 years AS II in F&W 	Exp. in law firm, 6 years with F & W

The requested salary amount is equal to Stockard Channing's salary. Although Ms. Channing has less overall experience, she does have 7 years at the AS II level in addition to a Microsoft Certification; therefore, we recommend Ms. Maloney's salary to be equal to that of Ms. Channing based on her 15 years of credited experience with the State of Montana.

Ms. Maloney will be overseeing the work of Rich Lowe, Operation Support Specialist, PG 5, whose salary is \$23,000, and Mary Matlin, Accounting Technician, PG 6, whose salary is \$29,800. Matlin's salary is well above the midpoint of PG 6; however, she has been with the State for 38 years. She will report to Margaret Spencer, Park Operations Administrator, PG 18 whose salary is \$68,000.

Sufficient funds are available to support this request.

APPROVED/DISAPPROVED:

Director, Human Resource Management

Date

SALARY AMOUNT APPROVED _____

Definitions

Advanced Starting Salaries – A salary greater than 80% of midpoint or the five percent promotional increase. HRM approval is required when the requested salary is greater than 85% of midpoint.

Advanced Starting Salaries for SMV classes – A salary greater than 75% of midpoint or the five percent promotional increase. However, when the advanced starting salary is for classifications on Selective Market Variation, HRM approval is required when the requested salary is greater than 80% of midpoint.

Career Ladder - A hierarchy of classes within a class series established and approved by the Director, which permits employee movement along a career path without competition upon meeting all promotional standards.

Critical Shortage - Defined as fewer than five applicants on an open competitive referral list.

Exceptional Factors - Items to be considered beyond level of education and years of experience such as certificates held, special assignments, unique job-related skills, and/or books authored.

External Equity – A statewide comparison of education, years of experience, and salaries of current employees in the same classification or similar classifications, when appropriate.

FLSA Exempt - Positions not subject to the minimum wage and overtime provisions of the Fair Labor Standards Act.

FLSA Non-Exempt - Positions covered by the minimum wage and overtime provision of the Fair Labor Standards Act.

Internal Equity – A comparison of education, years of experience, and salaries of current employees in the same classification within the same agency or similar classifications, when appropriate.

Leveling Up - Adjusting salaries of equal or more highly qualified employees when an advanced salary is given to a newly hired or promoted employee.

Promotional Standards - Standards that must be met in order to move to the next level in a career ladder.

Salary Analysis - An analysis conducted to determine the most appropriate salary that can be supported.

Selective Market Variation - A process used to increase the salary range for job classifications where severe market competition makes it difficult for the State to recruit and retain qualified employees.

Standard Promotional Increase - Five percent increase or 80% of the new pay grade, whichever is greater; however, agencies may grant increases up to 85% of midpoint under the criteria listed in Merit Rule 4.4.2.