

## University Of Wisconsin – Superior

Policy Subject: **Discretionary Merit Compensation**

Cabinet Division: **Administration & Finance (HR)**

Policy History: **December 1, 2016 (draft)**

Effective Date: **March 15, 2017**

### **I. Purpose**

The University of Wisconsin-Superior values excellence in employee effort. University staff employees may be rewarded for their exceptional work performance with additional financial compensation, as allowed by the university policy for Discretionary Merit Compensation (DMC). This policy provides supervisors with a management tool to recognize exceptional employee performance via a lump sum payment or a Temporary Base Pay Adjustment.

### **II. Constraints**

Guidance provided by past policy - Wisconsin Department of Administration – Section J - Provisions for administering Discretionary Merit Compensation (DMC)

### **III. Definitions**

**Discretionary:** An option of financial compensation that is based on employee-specific criteria. The nomination (from the supervisor) is not granted automatically, but must receive approval from the department, the division and the Chancellor. DMC provisions allow the university the sole discretion to provide employees economic recognition for merit. The granting, denial, and amount of any DMC is not grievable.

**Merit:** Work performance is sustained at a high level, during an extended period, with the expectation that this performance will continue. Additional factors to consider include; employee initiative to take on additional duties; new duties were assigned by supervisor; or were an evolution of the originally assigned functions or when an employee demonstrates increased and significant competencies which are directly related to the permanent assignment.

**Compensation:** Financial reward options for the DMC may include: 1.) Lump Sum payment; 2.) Temporary Base Pay Adjustment to hourly wage.

**Temporary Base Pay Adjustment:** This compensation increases an employee's base hourly rate of pay for a temporary period of time and then the base pay is returned to the previous rate.

**Lump Sum Payment:** This compensation is a one-time payment made in addition to regular wages earned.

#### **IV. Policy**

DMC awards apply to University staff permanent and project employee with the following exceptions:

Ineligible:

- Craft worker and related positions (i.e., trades and shop supervisor positions);
- Employees currently on probation;
- Any employee paid at or above the applicable pay range maximum;
- An employee that was eligible for broadband pay upon appointment within the previous twelve months may be considered for DMC only in exceptional circumstances;
- Employees who have received a below satisfactory performance review, or who have received discipline in the previous 12 months; and
- Supervisors who have not completed formal performance evaluation on all subordinate employees within the past 12 months.

#### **V. Procedure**

A nomination for a DMC must be initiated by the employee's supervisor or the department director.

- Eligible University staff members may be nominated on an annual basis to receive a DMC; however, the additional duties, tasks, and responsibilities that are being identified by the Supervisor and duly noted on the DMC form must be different each year.
- Based on campus funding available, *the only option may be lump sum payments*. This option will be clearly communicated to the campus when issuing the call for DMC nominations. Every effort will be made to provide lump sum payments in the range of \$1000 - \$2000 per individual. All lump sum DMC's approved will be an equal amount to each individual.
- Funding for DMC's will be from an allocated pooled campus account. Allocated pool will be determined on an annual basis.
- DMC's may be awarded to approximately 15% of eligible University staff on an annual basis. Campus administration reserves the right as the employer to determine the total number of DMC's awarded annually.
- DMC's will be awarded one time per year in March. Nomination materials will be due by February 1.
- The supervisor reviews the employee's performance to determine if a DMC is warranted based on policy definitions. If new duties are included, and are permanent, the supervisor must update the employee's position description and attach to the nomination. If duties are not permanent, a new PD is not necessary. However, a clear description of the temporary duties performed and the duration of time spent doing the temporary duties must be clearly documented.
- The requestor (supervisor of employee) prepares and submits the "DMC Justification Form" electronically to the divisional Chancellors Staff member(s). Make sure email and attachments are named appropriately and easy to identify. The final recommendation for all DMC nominations rests with the divisional Chancellor's staff and will not be provided to HR unless approved.
- After approval by the divisional Chancellor's staff, the justification form and any supporting materials will be submitted electronically to the HR Office. (HR@uwsuper.edu)
- Nomination material will be reviewed by the HR Director and or Designees to confirm that the employee is eligible and that the nomination is complete.

- All nominations are reviewed and the final approval is determined by HR. HR may approve the request, request additional information or justification from the employee's supervisor, or deny the request.
- Recommendations approved by campus HR become effective based on the date of official review and approval.
- If approved, HR prepares a letter to the employee for signature by the divisional Chancellor's staff member announcing the award. The letter is delivered to the departmental director for delivery to the employee with a copy to the supervisor.
- If denied the action is reported by HR to the department director who informs the supervisor of the employee.
- Payment of lump sum will process on the next payroll after award letter was issued.

**VI. Compliance**

**VII. Attachments**

Justification form for DMC award

Approved:

*Renee Wachter*  
Renee Wachter, Chancellor

3/15/17  
Date

**JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD**

**UW Superior**

**Department:** \_\_\_\_\_

**Employee Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Pay Schedule & Range:** \_\_\_\_\_

**Criteria:** As listed in procedures of the policy

**Justification:** Provide detailed specific justification on page 2 of this document. If additional pages are needed, please attach.

**Recommended by (Supervisor):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Approved by (Divisional Chancellor's Staff):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**For use by Human Resources:**

<b>HR Director Signature</b>	<b>Approved:</b> _____ <b>Denied:</b> _____	<b>Date Reviewed</b>
<b>Lump sum amount:</b> \$ _____		
<b>Funding Source</b> _____	<b>Effective DMC Date:</b> _____	
<b>Prior DMC in same FY:</b> ____ yes ____ no		

**Justification:**

