

State Personnel System

FY 2015 Compensation Guidelines

Introduction

This is a summary of the various compensation strategies that may be used by agencies to address salary and compensation issues within their workforce. Strategies have been grouped into five “toolboxes,” attached for your reference. Each toolbox outlines the details associated with the various options. The toolboxes are listed below.

- Executive Toolbox - Legislatively appropriated merit increases
- HRD Toolbox - Compensation solutions for a job classification or other group of employees such as Market Adjustments, Conditional Pay Supplements, or Referral Incentives
- Agency Toolbox – Individual Actions - Discretionary base pay increases such as In-Grade Adjustments
- Agency Toolbox – Variable Incentives - Additional incentives that do not impact base pay such as Spot Incentives, Goal-Based Incentives, and Conditional Retention Pay Incentives
- Changes in Assignment/Special Assignment - Employee actions that trigger a pay change such as Promotions, Demotions, etc.

General

These guidelines do not create a contract for employment between any employee and the State. Nothing in these guidelines changes the fact that all uncovered employees of the State are at will employees and serve at the pleasure of the appointing authority.

In accordance with Arizona Revised Statutes (A.R.S.) § 38-611 and State Personnel System (SPS) Rule R2-5A-402(C), the base salary of an employee must be within the assigned salary range established by the Arizona Department of Administration (ADOA). SPS Rule R2-5A-402 provides the authority for these guidelines. Please be advised that there may be additional restrictions and conditions provided by statute and rule that are not included in these guidelines. For example, Rule R2-5A-402(G)(2) states, “A demoted employee shall not be eligible for an increase to base salary for six months after the effective date of the demotion to the new position...”. Therefore, the salary strategies that affect base salary (counter offer and in-grade adjustment) are further constrained by this rule requirement.

Scope

These guidelines apply to all agencies, boards, offices, authorities, commissions, and other governmental budget units of the State that are part of the State Personnel System.

Funding

All compensation strategies are subject to the availability of funding, and must be managed within the agency’s appropriation. Neither the availability of these strategies nor receiving the approval to use them shall obviate the need for agencies to manage within their budget. Agencies shall not implement compensation strategies that create new future fiscal obligations that will require additional appropriations, unless (1) the Legislature has approved such funding in advance of the implementation; or (2) agency spending reductions have freed up funds sufficient to eliminate the need for new monies to implement the strategy (near and long-term) without any degradation to customer service. Agencies

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shall remain mindful of the State's ongoing fiscal challenges and their own budget needs, while contemplating compensation strategies. In particular, agencies requesting additional appropriations from the legislature shall carefully analyze their needs and priorities before implementing any of the strategies outlined in these guidelines.

Spending associated with certain strategies shall be collectively limited to no more than 2% of the agency's personal services base, exclusive of ERE.

Eligibility

Unless otherwise indicated, employees must be at will uncovered and meet specified performance evaluation requirements to be eligible for the compensation strategies outlined in these guidelines. However, eligibility requirements vary for each of the strategies – please refer to the individual eligibility requirements for more information.

The following employees are not eligible for some or all of the strategies:

- Elected officials, agency heads appointed for a fixed term of office, interns, pool, or per diem employees are not eligible for any of the strategies.
- Covered employees (except Correctional Officers I, II, III, and Adult Community Corrections Officers) are not eligible for increases or incentives unless the increase is due to a change in assignment.
- Employees who receive an overall rating of "Needs Improvement" (MAP rating less than 2.0) on their most recent performance evaluation are not eligible for increases or incentives unless the increase is due to a change in assignment.
- New hires and employees who have been promoted or demoted within the previous six months are not eligible for the agency variable incentives.
- Employees subject to and participating in an incentive plan authorized through separate and distinct programs are not eligible for the agency variable incentives.

Non-Cabinet-level agencies

- Directors and Deputy Directors: Compensation guidelines do not apply to directors and deputy directors of Non-Cabinet-level agencies. However, agencies may use the strategies at the discretion of the appointing authority but are not subject to the criteria, eligibility, amount of increase, or 2% budget limit. As previously noted compensation is subject to the availability of funding and must be managed within the agency's appropriation. The requirements of A.R.S. § 38-611 and R2-5A-402 Salary Administration still apply.
- Assistant Directors: Assistant Directors are eligible to receive compensation outlined in the guidelines, whether they have an annual performance evaluation or not. The criteria, eligibility, and amount of increase apply; only the requirement related to performance shall be waived. In addition, for Assistant Directors the funds associated with these strategies shall not be considered within the 2% budget limit.

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Agencies Headed by an Elected Official

- Elected Officials: As noted above, elected officials are not eligible for any of the compensation strategies.
- Employees who report directly to the elected official, head a primary component of the office of the elected official, or as a primary duty, determine or publicly advocate substantive policy for the office of the elected official: Compensation guidelines do not apply to these employees. However, agencies may use the strategies at the discretion of the appointing authority but are not subject to the criteria, eligibility, amount of increase, or 2% budget limit. As previously noted compensation is subject to the availability of funding and must be managed within the agency's appropriation. The requirements of A.R.S. § 38-611 and R2-5A-402 Salary Administration still apply.

Cabinet-level agencies:

- Directors, Deputy Directors and Assistant Directors: Salary adjustments and/or incentives for these positions shall be discussed and coordinated through the ADOA Human Resources Director.

Individual Salary Increase Limits

All combinations of base salary increases and one-time incentive payments not affecting base salary shall not exceed 5% of an employee's annual base salary. This 5% limit does not include salary increases given as a result of actions outlined in the "Changes in Assignment/Special Assignment" toolbox, the "ADOA HRD" toolbox, and/or Counter Offers.

Authority/Approval

Agencies shall ensure that all salary actions are properly authorized. For example, an agency head has the authority to implement most of the strategies identified under "Changes in Assignment/Special Assignment", such as establishing the base salary of a newly hired employee. Compensation strategies identified under the "HRD Toolbox" and "Agency Toolbox – Individual Actions" require ADOA consultation and/or approval prior to the agency administering these types of actions.

Agencies intending to implement any of the strategies identified under "Agency Toolbox – Variable Incentives" are required to submit a compensation plan to ADOA prior to implementation. The proposed plan must be submitted with sufficient time for ADOA to review and approve the plan and for the agency to communicate its provisions to employees. An agency compensation plan must address the following components:

- Proposed implementation date
- Compensation strategies to be implemented by the agency
- Eligibility for participation in the agency's compensation plan
- For each compensation strategy selected, the purpose of the particular strategy; eligibility, requirements and conditions; performance measures, targets/goals (if performance or goal-based); and compensation and incentive limits
- Internal agency procedures pertaining to communication to employees, nomination process, verification of eligibility, and calculation and distribution of incentive

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An agency's compensation plan is only valid for the time period of July 1, 2014 through June 30, 2015.

Reporting

Some strategies require annual reporting of the utilization of the strategies and subsequent organizational impacts. In addition, ADOA may independently review the agency's use of the compensation strategies and the individual and collective fiscal impacts of those strategies, and may audit agency records to ensure implementation is consistent with the approved plan. ADOA may modify guidelines in the future based on prevailing practices in the labor market or other external factors.

By September 1, 2015, each agency that used any of the strategies identified in either of the "Agency Toolboxes" (Individual Actions and/or Variable Incentives) shall submit a report to humanresources@azdoa.gov that includes the following:

- A brief paragraph describing how the agency used their compensation strategies to support the organization's goals or strategic direction during the fiscal year.
- A list of the employees who received one or more of the compensation strategies outlined in the plan, or who received a counter offer or an in-grade adjustment. The information shall identify the type and specific amount of each award received, and the date awarded to the employee. The list shall also include:
 - EIN
 - Employee name
 - Job classification title
 - Applicable overall MAP rating
 - Base salary before the counter offer, in-grade adjustment, or incentive
 - Type of strategy
 - Amount of payment or base increase
- The organizational impact experienced as a result of the implementation of these strategies including impact on retention of high performing employees, employee satisfaction, employee engagement, turnover, etc.

Executive Toolbox

The strategies in this “toolbox” will be available to agencies if approved.

Option	Description	Criteria	Eligibility	Amount
Merit Increase (Legislatively Appropriated)	Percentage added to base pay based on employee's most recent performance evaluation	<ul style="list-style-type: none"> • Shall be in accordance with guidelines developed by the Governor's Office or Legislature 	<ul style="list-style-type: none"> • Eligibility to be defined by the Governor's Office or Legislature 	<ul style="list-style-type: none"> • Merit increases to be defined by the Governor's Office or Legislature

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ADOA Human Resources Division Toolbox

The strategies in this “toolbox” will be available to agencies after consultation with the ADOA Human Resources Division and discussions about the business needs of the agency. Working collaboratively together, the appropriate strategy will be chosen to best meet the State’s and the agency’s needs.

Option	Description	Criteria	Eligibility	Amount
Criteria-Based Adjustment (Salary Plans)	Base salary adjustment awarded to employees who meet established criteria	<ul style="list-style-type: none"> • ADOA Class/Comp works with agency to evaluate the classification or class series to assess appropriate salary levels compared to labor market and other external factors • The criteria that differentiate salary levels must be based on more factors than length of service or years of experience • Salary cannot exceed the maximum of the salary range for the classification 	<ul style="list-style-type: none"> • Uncovered and covered 	<ul style="list-style-type: none"> • Amount of increase at each level of the plan varies by plan • Plans currently in use will be allowed to continue, but may be reviewed on a periodic basis to assess consistency with the labor market and other external factors
Conditional Pay Supplement (Stipends)	Additional pay provided to compensate employees for specific conditions Does not adjust base pay	<ul style="list-style-type: none"> • ADOA Class/Comp works with agency to evaluate the specific conditions and to assess appropriate compensation compared to labor market and other external factors • Shall be discontinued when the conditions no longer apply • Payroll Considerations: Incentive will be included in calculation of overtime rate; may require agency payroll to recalculate overtime earned during evaluation period 	<ul style="list-style-type: none"> • Uncovered • Covered (depending on type of conditional pay supplement) 	<ul style="list-style-type: none"> • Amount of supplement will vary on a case-by-case basis, considering the labor market pay for the type of job and level of work
Referral Incentive	Lump sum incentive awarded to an employee who refers a job applicant to a critical, hard to fill position who is successfully employed Does not adjust base pay	<ul style="list-style-type: none"> • ADOA Class/Comp works with agency to evaluate the position, classification or class series to assess marketing and recruiting strategies previously used • Payroll Considerations: Incentive will not be included in calculation of overtime rate. 	<ul style="list-style-type: none"> • Uncovered • Correctional Officers I, II, or III or Community Corrections Officers • Executive level positions, positions that are responsible for recruiting or hiring functions, employees in a direct line reporting relationship to the referred employee, and family members are not eligible 	<ul style="list-style-type: none"> • Referral Incentive is limited to no more than \$1,000 per referral and may not be distributed until the referred employee has completed at least 6 months of employment. No employee shall receive more than \$3,000 in referral incentives per year. • The amount may be paid in installments or in one lump sum consistent with the approved plan.

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ADOA Human Resources Division Toolbox

The strategies in this “toolbox” will be available to agencies after consultation with the ADOA Human Resources Division and discussions about the business needs of the agency. Working collaboratively together, the appropriate strategy will be chosen to best meet the State’s and the agency’s needs.

Option	Description	Criteria	Eligibility	Amount
Hiring Incentive	Sign-on bonus awarded to employees hired into critical positions, positions that are hard to fill, or positions that require a rare skill set Does not adjust base pay	<ul style="list-style-type: none"> • ADOA Class/Comp works with agency to evaluate the position, classification or class series to assess marketing and recruiting strategies previously used • Agencies may also request approval to offer a hiring incentive on a case-by-case basis • Payroll Considerations: Incentive will be included in calculation of overtime rate; may require agency payroll to recalculate overtime earned during evaluation period 	<ul style="list-style-type: none"> • Uncovered • Correctional Officers I, II, or III or Community Corrections Officers 	<ul style="list-style-type: none"> • Hiring Incentives are limited to no more than \$5,000, and may be paid in increments over a period of time (e.g. 25% at 3 months, 25% at 6 months, 50% after 1 year)
Special Market Adjustment (Legislatively Appropriated)	Adjustment to base pay to address employee salaries in specific classifications that are significantly behind the labor market	<ul style="list-style-type: none"> • ADOA Class/Comp conducts market studies and prioritizes classifications for consideration of Special Market Adjustments (SMAs). • Shall be in accordance with guidelines developed by the Governor’s Office or Legislature 	<ul style="list-style-type: none"> • Eligibility to be defined by the Governor’s Office or Legislature 	<ul style="list-style-type: none"> • Amount of adjustment to be defined by ADOA after conducting market studies
Classification Market Adjustment	Adjustment to base pay to address employee salaries in specific classifications that are significantly behind the labor market	<ul style="list-style-type: none"> • ADOA Class/Comp conducts market studies and collaborates with agencies to evaluate classifications or class series to assess appropriate salary levels compared to labor market and other external factors 	<ul style="list-style-type: none"> • Uncovered • Covered 	<ul style="list-style-type: none"> • Amount of adjustment to be defined by ADOA after conducting market studies

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Agency Toolbox – Individual Actions

The strategies in this “toolbox” are available to agencies in order to address compensation issues of employees on a case-by-case basis. The agency shall document salary adjustments and justifications and shall submit a report to ADOA by September 1st of each year for the prior fiscal year.

Option	Description	Criteria	Eligibility	Amount
Counter Offer	Base pay increase in response to a verified job offer in order to retain a high performing employee in the same position	<ul style="list-style-type: none"> • Agency shall verify the job offer and the performance level of the employee • Agencies must request approval from ADOA to extend a counter offer on a case-by-case basis 	<ul style="list-style-type: none"> • Uncovered • Employee must receive an overall rating of “Exceeds Expectations” (MAP rating 2.5 or greater) on their most recent performance evaluation unless the Agency Director documents, in writing, justification for waiving the performance requirement 	<ul style="list-style-type: none"> • Amount of increase will vary on a case-by-case basis, considering the bona fide job offer from another employer and considering factors such as the employee’s performance, internal equity ramifications, and labor market pay for the type of job and level of work • Salary cannot exceed the maximum of the salary range for the classification
In Grade Adjustment	Base pay increase to provide career progression or resolve specific salary issues	<ul style="list-style-type: none"> • Agencies must request approval from ADOA to provide an in-grade adjustment on a case-by-case basis for: <ul style="list-style-type: none"> • Change in Duties: Employees who assume higher level duties and responsibilities in a position that is critical to the operations of an agency (requires an updated Position Description and a review by ADOA to ensure a reallocation of the position is not warranted) • Professional Development: Employees who apply new knowledge and skills that benefit the agency and that have been acquired through job-related training, education, certification, and/or licensure, that is recognized in the industry as having market value • Retention: High performing employees in critical positions, not easily replaced and are at risk of leaving the organization 	<ul style="list-style-type: none"> • Uncovered • Employee must receive an overall rating of “Exceeds Expectations” (MAP rating 2.5 or greater) on their most recent performance evaluation unless the Agency Director documents, in writing, justification for waiving the performance requirement 	<ul style="list-style-type: none"> • Shall not exceed 5% per fiscal year per employee, unless an exception is granted by the ADOA HR Director • Considerations for an exception may include such factors as education, experience, skills, prior performance, current salary, as well as the current salaries of employees in the same classification or work unit within the agency and the relative experience and performance of those employees • Salary cannot exceed the maximum of the salary range for the classification

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Agency Toolbox – Variable Incentives

The strategies in this “toolbox” are available to agencies as part of a comprehensive plan of variable pay options subject to ADOA approval. These strategies are not intended to provide across-the-board incentives, but rather to reward top performers.

Option	Description	Criteria	Eligibility	Amount
Spot Incentive	One time, lump sum bonus given “on the spot” for an extraordinary achievement, or moment of extraordinary individual or group performance that result in efficiency, cost savings or improved productivity Does not adjust base pay	<ul style="list-style-type: none"> • Requires agency to submit a plan for ADOA approval prior to implementation • Employee incentive shall be consistent with approved plan criteria • Payroll Considerations: Incentive will not be included in calculation of overtime rate. The agency shall not commit or identify ahead of time that an employee or group will receive an incentive. 	<ul style="list-style-type: none"> • Uncovered • Correctional Officers I, II, or III or Community Corrections Officers • Employee must receive an overall rating of “Meets Expectations” or better (MAP rating 2.0 or greater) on their most recent performance evaluation • At least 6 months have passed since the employee’s date of hire or last promotion or demotion • Employees not already participating in another incentive plan authorized by a separate program 	<ul style="list-style-type: none"> • Spot Incentives are limited to no more than \$2,000 per employee per year, although an agency may award any lesser amount according to their approved plan • Agencies are encouraged to define tiers for different levels of incentive amounts, commensurate with the level of efficiency gain, cost savings or productivity improvement • Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE
Goal-Based Incentive	Lump sum bonus awarded to employees, teams, work units, and/or divisions who achieve established challenging performance targets or goals Does not adjust base pay	<ul style="list-style-type: none"> • Requires agency to submit a plan for ADOA approval prior to implementation • Plan must include measures of success • Measures and target goals shall be reviewed on an annual basis • When goals are achieved and incentive pay provided, new target goals shall be established • Employee incentive shall be consistent with approved plan criteria • Payroll Considerations: Incentive will be included in calculation of overtime rate, if applicable. Although incentives can be paid in a lump sum, agency payroll must allocate it evenly over the period earned. • Agencies considering the use of this strategy should contact the ADOA Classification and Compensation Manager for further details. 	<ul style="list-style-type: none"> • Uncovered • Correctional Officers I, II, or III or Community Corrections Officers • Employee must receive an overall rating of “Meets Expectations” or greater (MAP rating 2.0 or better) on their most recent performance evaluation • At least 6 months have passed since the employee’s date of hire or last promotion or demotion • Employees not already participating in another incentive plan authorized by a separate program 	<ul style="list-style-type: none"> • Goal-Based Incentives are limited to no more than \$3,000 per employee per year. • The incentive may be distributed in any increment (bi-weekly, quarterly, bi-annually, etc.) according to the agency’s approved plan. • Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE

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Agency Toolbox – Variable Incentives

The strategies in this “toolbox” are available to agencies as part of a comprehensive plan of variable pay options subject to ADOA approval. These strategies are not intended to provide across-the-board incentives, but rather to reward top performers.

Option	Description	Criteria	Eligibility	Amount
Merit-Based Incentive	One time, lump sum bonus directly tied to performance Does not adjust base pay	<ul style="list-style-type: none"> • Requires agency to submit a plan for ADOA approval prior to implementation • Agency must document target distribution percentages of merit incentives, ensuring a distribution of incentives (i.e. a bell shaped curve) and preventing across the board distribution for all employees (no more than 30% of the workforce may receive the highest merit incentive) <ul style="list-style-type: none"> • Agencies with 10 employees or less at the time of plan submission are not subject to the target distribution limits • The guidelines will describe a total budget limit for the agency; agencies may choose to provide merit incentives of lesser amounts, consistent with the criteria • Payroll Considerations: Incentive will not be included in calculation of overtime rate. The agency shall not commit or identify ahead of time that an employee or group will receive an incentive. 	<ul style="list-style-type: none"> • Uncovered • Correctional Officers I, II, or III or Community Corrections Officers • Directors, Deputies, and Assistant Directors are not eligible for merit incentives • Employee must receive an overall rating of “Meets Expectations” or better (MAP rating 2.0 or greater) on their most recent performance evaluation • At least 6 months have passed since the employee’s date of hire or last promotion or demotion • Employees not already participating in another incentive plan authorized by a separate program 	<ul style="list-style-type: none"> • Merit incentives awarded to highest performing employees shall not exceed 4% • If more than one level of merit increase is awarded, the highest level must be at least two times greater than the lowest level. • Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE
Meritorious Service Leave	Paid leave that agencies may use to reward and recognize employees or teams for meritorious or exemplary service Does not adjust base pay	<ul style="list-style-type: none"> • Requires agency to submit a plan for ADOA approval prior to implementation • Employee leave shall be consistent with approved plan criteria • Meritorious Service Leave shall be used within 12 months of receipt and shall not be paid upon separation (i.e. no cash value) • Meritorious Service Leave shall not be transferred to another agency if the employee changes agencies 	<ul style="list-style-type: none"> • Uncovered • Correctional Officers I, II, or III or Community Corrections Officers • Employee must receive an overall rating of “Meets Expectations” or better (MAP rating 2.0 or greater) on their most recent performance evaluation • At least 6 months have passed since the employee’s date of hire or last promotion or demotion • Employees not already participating in another incentive plan authorized by a separate program 	<ul style="list-style-type: none"> • Meritorious Service Leave shall be limited to no more than 24 hours of leave per employee (prorated for less than full time employees) • No more than 5% of the agency’s employees may receive Meritorious Service Leave per year unless an exception is granted by the ADOA Director (for example an agency may wish to award leave to members of a large team that implemented a major project and the number of team members exceeds the guidelines)

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Agency Toolbox – Variable Incentives

The strategies in this “toolbox” are available to agencies as part of a comprehensive plan of variable pay options subject to ADOA approval. These strategies are not intended to provide across-the-board incentives, but rather to reward top performers.

Option	Description	Criteria	Eligibility	Amount
Conditional Retention Pay Incentive	One time, lump sum bonus to retain critical employees Does not adjust base pay	<ul style="list-style-type: none"> • Requires agency to submit a plan for ADOA approval • High performing employees in critical positions, not easily replaced and are at risk of leaving the organization • Payroll Considerations: Incentive will not be included in calculation of overtime rate. The agency shall not commit or identify ahead of time that an employee or group will receive an incentive. 	<ul style="list-style-type: none"> • Uncovered • Employee must receive an overall rating of “Meets Expectations” or better (MAP rating 2.0 or greater) on their most recent performance evaluation • At least 6 months have passed since the employee’s date of hire or last promotion or demotion • Employees not already participating in another incentive plan authorized by a separate program 	<ul style="list-style-type: none"> • Shall not exceed 5% per fiscal year per employee • Spending associated with this strategy is included in the overall budget limited to 2% of the agency’s personal services base, exclusive of ERE

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Changes in Assignment/Special Assignment

The guidelines provided below address base pay when employees change assignments or change positions, subject to applicable rules. Any salary adjustments received as a result of a change in assignment shall not be considered as part of the limitations for other salary strategies.

Option	Description	Criteria	Eligibility	Amount
New Hire	Base salary of a newly hired employee	<ul style="list-style-type: none"> Salary must be within the range for the classification Agency shall consider such factors as education, experience, skills, prior performance, current or former salary, availability of qualified applicants, and prevailing market conditions when setting a new hire's salary 	<ul style="list-style-type: none"> Uncovered Covered if Correctional Officer I, II, or III or Community Corrections Officer, or Full Authority Peace Officer 	<ul style="list-style-type: none"> Salary up to midpoint, or higher based on documentation Agencies shall consider the current salaries of employees in the classification within the agency and their relative experience and performance when hiring a new employee
Promotion	Base salary adjustment awarded when an employee moves to a higher graded job	<ul style="list-style-type: none"> Salary must be within the range for the classification Agency shall consider such factors as education, experience, skills, prior performance, current or former salary, availability of qualified applicants, and prevailing market conditions when setting the salary of an internal promotion 	<ul style="list-style-type: none"> Uncovered¹ 	<ul style="list-style-type: none"> Salary up to midpoint, or higher based on documentation Agencies shall consider the current salaries of employees in the classification within the agency and their relative experience and performance when promoting an internal candidate. Promotions into or within the Executive Salary Schedule are not affected by this guideline
Lateral Transfer	When an employee moves to another position in another classification in the same grade	<ul style="list-style-type: none"> Salary must be within the range for the classification 	<ul style="list-style-type: none"> Uncovered¹ 	<ul style="list-style-type: none"> No increase in salary unless an exception is granted by the ADOA HR Director Considerations for an exception may include such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees
Demotion	Base salary reduction when an employee moves to a lower graded job	<ul style="list-style-type: none"> Salary must be within the range for the classification Agency shall consider such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees 	<ul style="list-style-type: none"> Uncovered¹ 	<ul style="list-style-type: none"> Employees voluntarily or involuntarily demoting to a lower grade position shall receive a salary decrease of at least 2.5%, unless an exception is granted by the ADOA HR Director Considerations for an exception may include such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees Decreases greater than 2.5% at the discretion of the agency head

¹ Voluntary changes in assignment will result in a covered employee becoming uncovered, unless the position is a Correctional Officer I, II, or III, a Community Corrections Officer, or a covered position that requires Full-Authority Peace Officer certification.

All compensation strategies are subject to the availability of funding, and must be managed within the agency's appropriation. Neither the availability of these strategies nor receiving the approval to use them shall obviate the need for agencies to manage within their budget. Agencies shall not implement compensation strategies that create new future fiscal obligations that will require additional appropriations, unless (1) the Legislature has approved such funding in advance of the implementation; or (2) agency spending reductions have freed up funds sufficient to eliminate the need for new monies to implement the strategy (near and long-term) without any degradation to customer service. All combinations of base salary increases and one-time incentive payments not affecting base salary shall not exceed 5% of an employee's annual base salary, this limit does not include increases resulting from the actions outlined in the "Changes in Assignment/Special Assignment" or the "ADOA HRD" toolbox, and/or Counter Offers.

Changes in Assignment/Special Assignment

The guidelines provided below address base pay when employees change assignments or change positions, subject to applicable rules. Any salary adjustments received as a result of a change in assignment shall not be considered as part of the limitations for other salary strategies.

Option	Description	Criteria	Eligibility	Amount
Reallocation (formerly referred to as a reclassification)	Base salary adjustment provided when an employee's position is reallocated to a different classification and grade or salary range	<ul style="list-style-type: none"> • Salary must be within the range for the classification 	<ul style="list-style-type: none"> • Uncovered • Covered 	<ul style="list-style-type: none"> • Employees in a position that is reallocated to a higher grade shall receive a salary increase of up to 2.5%, unless an exception is granted by the ADOA HR Director • Considerations for an exception may include such factors as education, experience, skills, prior performance, current or former salary, as well as the current salaries of employees in the new classification within the agency and the relative experience and performance of those employees • Reallocations to the same or lower grade shall result in no change to the employee's salary, provided the salary is within the range for the classification. If the employee's salary is less than the minimum or more than the maximum, the employee's salary shall be the minimum or maximum, respectively
Special Assignment (formerly referred to as a mobility assignment)	Supplemental pay (no adjustment to base salary), provided to employees approved for a temporary special assignment (not to exceed 6 months)	<ul style="list-style-type: none"> • Shall be in accordance with ADOA policy ASPS/HRD-PA3.05 • Salary must be within the range for the classification • Generally used to fill a critical position while recruiting, or while the incumbent is out on medical or military leave 	<ul style="list-style-type: none"> • Uncovered • Covered 	<ul style="list-style-type: none"> • Employees on a special assignment to a higher grade position shall receive a conditional pay supplement in an amount equivalent to the promotional guidelines • Employees on a special assignment to the same grade or a lower graded position shall receive no additional compensation

¹ Voluntary changes in assignment will result in a covered employee becoming uncovered, unless the position is a Correctional Officer I, II, or III, a Community Corrections Officer, or a covered position that requires Full-Authority Peace Officer certification.

² A Special Assignment is not a change in assignment as defined by R2-5B-205(B)

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