

## Criteria-Based Adjustment Guidelines

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**Related Rule/Statute:** R2-5A-401(B) Alternative Salary Plan

**Issued:** December 20, 2012

**Effective:** December 20, 2012

**Applicability:** Uncovered employees; Covered employees only if approved prior to Sept 29, 2012

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### Description

In accordance with these guidelines, an increase to base salary may be provided to an employee who meets established criteria within an approved plan.

### Eligibility

- Employees who have been involuntarily demoted or suspended during the most recent performance rating period are not eligible for Criteria-Based Adjustments.
- Employees must have received a “Meets Expectations” rating or better on each rating factor on their most recent performance review using the MAP (the State Personnel System evaluation tool) to be eligible for Criteria-Based Adjustments (unless plan previously approved prior to September 29, 2012 does not include performance).
- Elected officials, agency heads appointed for a fixed term of office, interns, pool, or per diem employees are not eligible for Criteria-Based Adjustments.

### Requirements

- Criteria-Based Adjustments are subject to available funding and must be within the agency’s appropriation unless otherwise legislatively appropriated.
- Agencies intending to implement a Criteria-Based Adjustments program shall submit a plan for ADOA approval prior to implementation.
- An agency head shall report to the Director of ADOA on the utilization of all Criteria-Based Adjustments during the previous fiscal year, no later than September 1<sup>st</sup> of each year.
- Any pay modifications must result in the employee’s base rate falling between the minimum and maximum the assigned pay range.

### Administration

Agencies that have utilized Criteria-Based Adjustment plans (e.g. Correctional Officer Step Plan) will be permitted to continue this practice. These plans must continue to have established criteria that the agency monitors for successful completion by the employee prior to the adjustment of an employee’s base pay.

## **Plan Components**

Agencies planning to implement a Criteria-Based Adjustment plan for ADOA approval shall address the following components:

- **Overview:** The plan shall include a brief description of the purpose of the plan, and the rationale for why a Criteria-Based Adjustment plan is being requested instead of another compensation strategy that is more closely aligned with a pay-for-performance culture.
- **Classifications:** The plan shall describe the classifications that are requested to be eligible for a Criteria-Based Adjustment plan. The plan shall also identify the requested amount of increase for each classification or level in the job family.
- **Qualification:** The plan shall describe the required qualifications the employee must comply with in order to advance to the next classification or level of the plan. Agencies shall incorporate performance evaluations into their criteria.
- **Communication:** The plan shall describe how the agency intends to communicate the plan to their employees.

## **Review Process**

Agencies shall submit a draft plan to ADOA for review no later than six months prior to the desired implementation date (i.e. plans are due January 1<sup>st</sup> if the desired implementation date is July 1<sup>st</sup>). If changes are necessary, consultation with the agency will occur. A final draft of the plan shall be submitted to ADOA no later than eight weeks prior to the desired implementation date. Approval of an agency's plan shall be for no longer than a one-year duration. The agency shall submit a plan for each year the agency intends to participate in the Criteria-Based Adjustment plan.

## **Reporting Requirements**

Upon plan approval, agencies may administer their Criteria-Based Adjustment plan without further review by ADOA. At the end of each fiscal year, participating agencies shall submit a report to ADOA by September 1<sup>st</sup>. The report shall include:

- A brief paragraph describing how the agency is using the Criteria-Based Adjustment plan to support the organization's goals or strategic direction.
- A list of the employees that received a Criteria-Based Adjustment and the specific amount of increase awarded.
- Key information for each employee on the list including employee name, current and new base salary, job description, etc.
- The total dollar amount to be provided as an annualized amount.
- The organizational impact experienced as a result of the implementation of the strategy, including impact on retention of high performing employees, employee satisfaction, employee engagement, turnover, etc.

Approved Criteria-Based Adjustment plans will be periodically reviewed for appropriateness. ADOA reserves the right to modify this practice based on the competitive labor market or other external factors and will conduct periodic surveys of the market for this purpose.