

DHHS POLICIES AND PROCEDURES

Section V:	Human Resources
Title:	Classification/Compensation
Chapter:	In-Range Adjustment Policy
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Purpose

To establish policy and procedures for agency review and approval of an increase in an employee's current salary range within in-range policy guidelines established by the [State Personnel Commission](#).

Policy

The Department of Health and Human Services (DHHS) policy governing the approval and award of in-range salary adjustments ensures flexibility in the management of employee compensation practices in response to needs for recruitment and retention, salary equity, and recognition of job development and growth. In-range salary adjustments may also be awarded in cases where critical knowledge and skills are proven scarce in an appropriate labor market or where recruitment has been historically difficult in a defined occupational family or group.

In-range salary adjustments are intended as a supplement to existing pay policies and practices and shall be awarded in concert with established policy and procedure governing salary administration and position classification. The policy shall comply with all applicable federal and state and regulatory requirements.

Salary adjustments awarded through this policy must substantially conform to the following designations to qualify for consideration and approval.

1. Job Growth and Development - Salary adjustments may be awarded when management has assigned additional tasks or responsibilities to a position, which results in an expanded or enhanced role. The additional duties and responsibilities may not be sufficiently substantial to warrant reallocation to a higher level of work, but the complexity, variety, scope, and impact of decision-making resulting from the additional tasks may support an in-range adjustment in pay. This category recognizes that positions are typically dynamic and continually develop in response to programmatic changes, introduction and sophistication of technology, legislative mandates, and changes in organizational mission and purpose.

2. Salary Equity - Management of salary equity in an organization is vital and important to maintaining appropriate pay relationships among employees performing similar kinds and levels of work and who are also substantially equivalent in education, training and experience. Education and experience must be relevant to the work performed and may have been acquired in either or both the public and private sectors. Inequities in pay relationships exist when the salaries of similarly classified employees with similar education and experience in a work unit vary by more than 10 percent; situations where employees have approximately equal salaries but whose salaries should differ by more than 10 percent when the equity factors are considered; or situations where employees are more than 10 percent below their appropriate salary based on consideration of all of the equity factors interrelation to other employees. In-range adjustments on the basis of managing salary equity will be based on established standards representing a payline over a specific time period.

Managers may request in-range adjustments to align salaries and eliminate significant variances in pay. Other factors which shall be considered in determining an incumbent's eligibility for in-range adjustments in this category include total state service and documented performance.

3. Labor Market Adjustments - In-range adjustments will be considered in cases where management has documented excessive turnover or difficulty in recruitment for positions requiring knowledge and skill considered scarce in an appropriate labor market. The sets of knowledge and skills would typically be associated with an occupational family or job classes considered critical to the department's mission and purpose and for which recruitment has been historically difficult due to limited availability of qualified applicants.
4. Retention Adjustments - In cases where an incumbent has received an offer of employment from a non-state employer, an authorization of up to 10 percent for retention purposes may be granted under the current in-range adjustment policy.

Implementation

The Director of the Division of Human Resources (HR) will convene a representative group of employees who will review the department's policy and recommend revisions in addition to collect and evaluate data to determine the distribution of in-range awards by standard EEO designations (race, gender, disabling condition), salary grade, and organizational unit. The group will develop training and education modules for division/facility/school pay committees to ensure appropriate local management of the policy.

1. In-Range Adjustment Plan Administrator - The Manager of the Classification/Compensation Section in the Division of HR will be designated as the department's plan administrator. This role will:

- Require the review and legal administration of the department's in-range adjustment policy,
 - Provide technical assistance and guidance to division/facility/school coordinators and to the departmental advisory committee,
 - Provide oversight of the implementation of the policy,
 - Provide central coordination of training, communication, and education,
 - Provide leadership in assuring that increases are fair, equitable, consistent and in accordance with policy, and
 - Provide data analysis and reporting to the Office of State Personnel.
2. In-Range Salary Adjustment Coordinator - Each division/facility/school within the department will designate its human resources manager or classification analyst as its in-range salary adjustment coordinator, who will provide information on the policy revisions, eligibility criteria, approval process, and distribution of awards within their agency. The coordinator will evaluate requests for in-range adjustments to determine compliance with eligibility criteria and will recommend salary increase amounts to the division, facility or school director. The coordinator will advise the agency director and/or executive management team on priorities for granting awards; development of salary reserve budgets to meet projected needs for in-range adjustments; will offer technical guidance on the application of the policy's provisions and will focus on assuring that increases are fair, equitable, consistent and in accordance with policy. The coordinator will be primarily responsible for the collection and transmittal of distribution data from their division/institution to the departmental advisory committee. The coordinator will assess this data and submit quarterly reports to the agency director on the distribution of awards by race, gender, and disabling condition.
3. Funding - Each division/facility/school must establish an annual salary adjustment budget based on the availability of salary reserves within the department and a projection of in-range adjustment requests. The division/facility/school director and the agency coordinator will periodically review and adjust the budget as needed. The salary adjustment budget will consist of the following components:
- A. A prioritized list of potential salary reserve expenditures reflecting the division/institution's plan and needs for classification studies, position reallocations, implementation of salary range revisions or special entry rates, deferred salary adjustments, promotions, and in-range adjustments. The development of this list is a basic human resources management tool to encourage advance planning for the use and distribution of available salary reserve.
 - B. A prioritized list of projected in-range adjustment requests based on the priority listing noted above. The listing will target the number of in-range adjustments, which will be forwarded to the Division of HR for consideration and approval.

- C. As salary reserve funds become available, the division/facility/school director shall submit in-range adjustment requests through their agency coordinator to the Division of HR. The timing and order of requests for in-range adjustments should reflect the priority listing noted above.
4. Data Collection and Reporting - Each division/facility/school will be responsible for the collection and analysis of information and data showing the distribution and frequency of in-range adjustment awards over a specified time period. This data should be reported quarterly to the Division of HR that will then convey pertinent information to the Office of State Personnel. The division/facility/school coordinator will have primary responsibility for collecting the data and discussing it with their agency director before submitting reports to the Division of HR. The department's advisory committee will review the department's data based on individual agency reports. General Provisions:
- A. In-range salary adjustments are subject to the availability of funds. In-range adjustments may not be deferred pending the availability of funding; they must be fully awarded at the time of implementation.
- B. In-range adjustments will be granted only to employees holding a permanent appointment as defined in the State Personnel Manual. Appointment types include permanent full-time, part-time, or time limited. Temporary employees are ineligible.
- C. Employees must attain a good or better rating on their most recent performance review as documented through the department's Performance Management System (PMS) for consideration.
- D. No more than 10 percent may be awarded to an employee for in-range adjustments during a 12-month period.
- E. In-range adjustments may not exceed the maximum of the employee's assigned salary range.
- F. Effective dates for in-range awards shall be the first day of the month in which a request is approved.
- G. Duties and responsibilities which have been previously recognized as a basis for salary adjustments through position reallocation, interim promotion, or other salary administration policies will not be considered for adjustments under this policy.
- H. In-range salary adjustments as defined by the provisions of this policy are not grievable except when illegal discrimination has been alleged.

- I. PD-105 documentation shall include a statement that the pay adjustment is an approved in-range adjustment.
5. Guidelines for Evaluating In-Range Adjustment Requests - The following guidelines should be used by agency coordinators and/or committees to evaluate requests for in-range salary adjustments before submission to the Division of HR. Several levels of review may occur within a division/facility/school to include an immediate supervisor, a unit or section manager, agency director, and/or assistant secretary. The guidelines are organized by broad category as defined in the introduction.

A. Job Growth and Development

1. Definition - In-range salary adjustments may be granted to compensate employees for changes in duties and responsibilities as documented by a completed, signed position description, and workplan. These changes in duties are generally defined as those that are:
 - At a level of work higher than that currently recognized but not sufficiently complex to support allocation to a higher salary grade through position reclassification, or
 - Approximately the same level as tasks currently assigned where the changes increase the incumbent's accountability, level of decision-making, or variety/scope of tasks.

In either case, interim changes in assigned duties/responsibilities will only support an interim in-range adjustment. When the temporary responsibilities are removed, the amount of in-range increase is also removed.

2. Evaluation Criteria and Procedures
 - a. Compare the current position description with the revised description outlining the expanded role and additional task assignments to determine whether or not the changes meet the definition noted above. It should be noted that job growth and development naturally occur as incumbents gain experience and assume increasing responsibility that has been previously defined in a job description. Such situations are not consistent with the definition and would not qualify for an in-range adjustment.
 - b. Determine whether or not the changes in the job affect more than one (1) employee. In cases where several employees in a work unit have been assigned additional or different tasks

resulting from programmatic changes, legislative mandates, or other circumstances, then the division/facility/school HR Office should be consulted to determine the need for an occupational and/or pay study.

- c. Ensure that the newly assigned tasks have been fully described either by preparation of a new position description or by addendum to an existing description and confirm that the employee is successfully completing the duties. Appropriate position description formats must be used to correctly define the position's expanded role. Clerical and administrative support roles should be described on a PD-OSS-93; all others by PD-102R.
- d. Secure an updated organizational chart to illustrate the correct placement of the position in relationship to others within the organization (branch, section, division, facility, school, shift, etc.).
- e. Prepare a transmittal memorandum which states whether or not the changes in duties are interim or permanently assigned. If interim, please note the duration of the assigned duties. The memorandum should also indicate the basis for the additional duties or other changes in role such as legislative mandate, programmatic changes, new programs, changes in service delivery, etc.
- f. Evaluate and analyze each request by completing the Job Change Worksheet. You should also complete the Qualifications and Equity Worksheet, if necessary.
- g. Determine whether or not the change warrants reallocation, and whether or not the request meets other established criteria for an in-range adjustment. If it does, then consult with the division/institution director or designee to determine the priority ranking and availability of funds to support the increase.
- h. Review the request for compliance with existing salary administration policies or other applicable policies and statutes. Evaluate the request for potential disparate impact on the organization and to ensure compliance with EEO guidelines.
- i. Submit the request(s) in priority order to the Division of HR to the attention of the plan administrator. When establishing

priorities for these requests, the agency should consider the magnitude of the job change or added responsibilities, and the criticality of the job in relationship to the accomplishment of the DHHS mission.

3. Guidelines for Eligibility and Amount of Increase - Requests for in-range adjustments resulting from job growth and development must consider internal salary relationships, salary equity, and consistency in the application of pay administration policies. The increase amount is based on the outlined salary factors in addition to the degree of change affecting the role. The percentage increase must include consideration of the degree of change based on the following descriptive statements:
 - a. Moderate Job Change is that which requires the acquisition of some additional knowledge, skills or abilities generally requiring less than one (1) year to attain, or a job change which results in some increase in accountability.
 - b. Significant Job Change is that which requires the acquisition of considerable knowledge, skills or abilities generally requiring more than a year to attain, or job change which results in a considerable increase in accountability. Generally, a significant job change is one that is nearly sufficient to warrant an upward reallocation.
 - c. When determining the amount of increase to award the employee, it is important to consider the related training and experience in association with the nature and degree of job change. The proposed in-range award must also consider salary grade/rate relationships among employees in the work unit.

B. Salary Equity

1. Definition - In-range salary adjustments may be granted to establish equitable salary relationships among employees in a work unit performing similar kinds and levels of work based on education, skill, related work experience and performance levels. Salary inequities exist when there is a salary variance among employees holding similar or same classifications and whose relevant education, experience and performance are substantially comparable; when employees have approximately equal salaries but whose salaries should differ by more than 10 percent when the equity factors are considered; and situations where employees are more than 10 percent below their appropriate salary based on consideration of all equity factors in relationship to other employees. Since salary inequities range from moderate to

severe, those considered most significant as it relates to disparity should be accorded priority in the submission of in-range adjustment requests. This policy recognizes that inequities may result from prior hiring decisions, differing evaluations of creditable education and experience, variances in state pay policy which have occurred over time, and the availability of funds at a given time in the employee's work history. These factors may create situations where employees earn equivalent rates of pay but should be compensated at different rates to reflect different degrees of education and experience or other legitimate factors, which determine employee pay. Other situations may result in employees earning disparate rates of pay who should be paid on an equivalent basis assuming that legitimate pay factors such as education, experience, specialized training and/or certification(s), etc. are also equivalent.

2. Evaluation Criteria and Procedures

- a. Avoid comparisons with salaries arising from unique situations or known exceptions to accept salary administration policy when conducting comparative salary studies. In some cases, employees in positions used for comparisons may have been transferred to settle a grievance, to avoid a RIF, or to resolve some dispute or conflict in the workplace. These and related cases would be inappropriate to use comparative studies since the salaries would not offer a valid comparison.
- b. Ensure that the award of an in-range adjustment for equity purposes will not create or introduce further inequity in the work unit. Salary relationships within the work unit must be considered as a whole in addition to a review of the individual request for an adjustment. An evaluation of the request must consider all relevant factors by assessing the impact on the work unit or other appropriate organizational unit.
- c. Review the request for an adjustment to ensure compliance with applicable laws and statutes including an assessment of disparate impact.
- d. When establishing the priorities for internal equity requests, the size of the inequity and the presence of management obstacles presented to management should be used as criteria.

3. Guidelines for Eligibility and Amount of Increase

- a. Prepare a list of employees in the appropriate work unit with the same or related classification as the incumbent who has been requested to receive an equity adjustment. The list should only include those with a 10 percent or higher salary differential and who are also similar to the requested incumbent in areas of education, skill, related work experience, length of service, and performance level. Complete the comparison form for qualifications and equity. An in-range adjustment up to ten percent may be recommended. The recommendation should be based on the following:
 - Extent and degree of the inequity; and
 - Necessity to maintain salary equity within the work unit among those similarly classified.

C. Labor Market Adjustments

1. Definition - Unusually high turnover, chronic difficulty in recruitment, and insufficient applicant pools are indicators that pay adjustments are necessary in response to labor market conditions. When determining whether or not such conditions might apply, it is important to identify the specific labor market for a particular classification or occupational group. Labor market conditions vary significantly across the state and throughout the country, and the subsequent effects on a single classification could also vary. Availability of trained clinical staff in the metropolitan areas of the state may be greater than in less populated areas, but competition for those candidates may be more intense, thus limiting the supply of qualified applicants who could be considered for employment. The following conditions will apply when determining whether or not in-range adjustments due to prevailing labor market conditions are indicated:
 - a. The duties and responsibilities of the position are critical and key to the department's mission.
 - b. Management has documented and can verify that the requisite knowledge, skills, and abilities are scarce or have proven difficult to recruit in an appropriate (local, regional, state, national) labor market.
 - c. The Office of State Personnel has identified that a particular occupational group or classification series is subject to critical labor market shortages.

- d. Usual salary administration policies are not feasible alternatives to an in-range adjustment. These policies would include promotion, reallocation, range revisions, etc.
 - e. There are no feasible management alternatives available to resolve the problem. These alternatives would include organizational changes, redefining roles and positions, changing staff patterns, etc.
2. Evaluation Criteria and Procedures
- a. Prepare documentation, which includes a brief description of the basis for the request to include a specific explanation of the problem. The documentation should include any pertinent information to explain the relevant labor market issues. Information on management's recruitment efforts, frequency and distribution of job postings, general qualifications of applicants, numbers of qualified and non-qualified applicants, sufficiency of applicant's work experience and education, salary survey information, and other data that would be appropriate to include.
 - b. Complete the Labor Market Worksheet to document each request for an in-range adjustment in response to labor market conditions.
 - c. Determine whether or not the problem affects a single position or classification rather than an entire occupational group. Labor market adjustments should be in response to the need for attracting and retaining individual employees with skills which are either scarce or those for which repeated recruitment efforts have proven difficult. These situations may also occur where competition for a limited supply of applicants is especially intense, e.g., occupational and physical therapists.
 - d. Conduct comparative studies on the incumbent's qualifications and work history in relationship to other employees or candidates, or candidates applying for the same or similar position. Complete the Qualifications and Equity Worksheet to guide the analysis of information.
 - e. A comparison of existing employees with minimum qualifications with external candidates who are also minimally qualified may be helpful. If it is determined that the incumbent for whom the in-range adjustment has been requested is

underpaid in relationship to similarly qualified external applicants, it is likely to have a valid basis for the adjustment. Labor market adjustments are further indicated when documentation exists showing that the department would have to pay salaries equivalent to or exceeding those of incumbents who have equivalent or greater qualifications than external candidates.

- f. Determine if Special Entry Rates, or SERs, have been authorized for the incumbent's classification. If so, the Office of State Personnel has conducted compensation studies and determined that labor market conditions have a negative impact on the state's ability to compete for qualified applicants in the occupational group. In cases where SERs have been authorized for a particular class or class series, you do not need to submit further documentation on labor market shortages or pay study information.
- g. Evaluate the recruitment and retention history for positions in the affected classification to determine if management has experienced chronic difficulty in identifying sufficient applicant pools. The review should include an assessment of the diversity of applicant pools to assess the extent of specialized recruitment efforts aimed at attracting minorities and other protected groups.
- h. Once the request for an in-range adjustment has been verified as valid in response to labor market conditions, an increase of up to 10 percent in pay may be recommended based on the comparative studies. The request should be discussed with the division/facility/school director, letting them know of the findings and recommendations. The discussion should include any impact on salary equity within the work unit in addition to the availability of salary reserve supporting the request.
- i. When establishing priorities for salary adjustments for labor market requests, the criteria used should focus on the criticality of the job, the accomplishment of the Division of HR mission and the extent of the labor market problem.

D. Retention Adjustments

- 1. Definition - The incumbent's position should be critical to the division or institution's mission and purpose, and the incumbent's work experience, performance, and length of service should justify the

adjustment. If more than 10 percent is required for retention of incumbents in critical positions, the employee must provide written confirmation of the employment offer. Offers from other state agencies, divisions, facilities or schools do not support retention adjustments. These cases usually require a quick turnaround and are especially important to resolve without delay to minimize the risk of losing highly skilled employees in critical positions. If an adjustment in pay is recommended in response to a verbal (up to 10 percent) or written (exceeding 10 percent) offer of employment, you should forward the request through the usual PD-105 process without delay.

2. Guidelines for Eligibility and Amount of Increase
 - a. Contact the manager of the Classification/Compensation Section in the Division of HR to determine the availability of salary data or other compensation information that may be related to the request.
 - b. If it is determined that the incumbent's salary range is competitive with the appropriate labor market but that the market average for the classification is greater than that paid the incumbent, an in-range adjustment up to the actual difference or ten percent, whichever is larger, can be requested.

6. Communication and Education Provisions

- A. The In-Range Adjustment Plan Administrator is primarily responsible for planning and implementing a departmental communication and education program that ensures all employees of the department receive information on the policy. The plan administrator will act as staff to the department's advisory committee in the evaluation and assessment of communication and education plans.
- B. Key Elements of the Communication and Training Plan
 1. The policy will be disseminated throughout the department and will be incorporated into the Division of HR Personnel Policy and Procedure Manual. The manual will be available for review by all Division of HR employees through division/facility/school HR Offices.

2. The plan administrator will train division/institution coordinators and the department's advisory committee on the policy provisions, will plan and implement a comprehensive training program for management at all levels, and will develop educational literature for distribution of all non-supervisory employees.

For questions or clarification on any of the information contained in this policy, please contact [Human Resources](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).