

GUIDELINES FOR MANAGING EXECUTIVE DIRECTIVE NO. 04-353 In-Grade Pay Increases

In-Grade Pay Increases (IGPI's) offer appointing authorities the option to move classified regular employees in the Executive Branch from one step to another step on the same pay grade. The criteria for administering IGPI's are described below.

These guidelines are authorized by Executive Directive No. 04-353, effective July 4, 2004. While these are guidelines, the "Required Clearance Actions" described at the end of this document are mandatory.

LIMITATIONS

IGPI's are not to be used for the following reasons:

- Pay for performance.
- Bonuses or awards, since these are for one-time situations (IGPI's affect the employee's rate of pay on a continuing basis).
- Special projects.
- Changes in duties lasting less than 30 days.
- Where classification action or a compensation study is more appropriate.

In addition, no agency shall lay off employees in an effort to provide funding for IGPI's and no employee can be moved to a rate of pay beyond step 16 of the pay grade to which the employee's classification is currently assigned. Furthermore, in order to be eligible for an IGPI, an employee must have received an overall rating of at least "Meets Expectations" on his or her most recent performance review.

The effective date of an IGPI will be the first date of the pay period in which the request is received, or a future pay period as requested by the agency. In extenuating circumstances, retroactive requests may be approved when justified.

RATIONALE AND CRITERIA

IGPI's may be provided for the following two rationales:

RATIONALE #1 – "Stepping Up"

Purpose: To compensate an employee for "stepping up" to more challenging responsibilities without having to reallocate to a higher classification or create a new level of classification when one does not currently exist. This is **not** pay for performance – it is pay for managing responsibilities that are more significant or for essential credentials or skills that are critical to perform the responsibilities. The duties must also represent an essential function of the employee's work activities.

Standard Expectations: Generally, positions will grow and change over time as processes, technology and techniques change. As jobs grow and change, the expectation is that employees need to grow with their jobs. This type of normal growth and change does not warrant an IGPI.

Criteria: Additional duties and/or responsibilities have been added to the position such that the complexity or scope of the job has increased, but does not warrant a reclassification. Changes to the job must be substantial and ongoing and will typically represent a measurable percentage of the overall position and be measured in the individual's performance management plan.

In general, a proposed IGPI submitted under this rationale should not be for more than a 10% increase to an employee's rate of pay. Changes to a job that warrant an increase in excess of 10% are likely to be substantial enough to warrant a reclassification of the position. However, increases in excess of 10% may be appropriate in some circumstances and will be considered on a case-by case basis.

Factors Considered for Approval: The following factors are considered in reviewing requests for an IGPI under this rationale:

- a. **What level (classification) of work does the employee currently perform?** Employees in higher-level classifications are expected to perform more advanced work and "step up" more often without expecting additional compensation because this extra work is already contemplated in the assignment of the classification to a higher pay grade.
- b. **Is the employee exempt?** Exempt employees should generally be expected to do the work necessary to get the job done, regardless of the number of hours it takes to perform the work.
- c. **How far through the pay grade has the employee progressed?** Typically, the further an employee has progressed through the pay grade to which their class is assigned, the more that should be expected of them because they are being paid closer to or sometimes even above the market rate for their job.
- d. **Does the difference in the level of work and skills correspond to the level of work in the employee's current pay grade/career progression?** If an employee is asked to do work that is less complex than what the employee is currently performing, then an IGPI is clearly not warranted. Similarly, if an employee is currently performing less complex work than they should be according to their classification, but new work is assigned that is more commensurate with the employee's current classification, an IGPI is still not merited since the employee is currently being paid for doing lower level work.
- e. **If the IGPI is being requested due to an increase in volume of work, is the increase part of a regular period of peak work or for a limited amount of time?** Employees have fluctuations in their volume of work and may experience peak periods of activity throughout a particular work cycle. Therefore, in order to substantiate an IGPI, the volume of work must be significantly greater than the employee's normal volume of work and cannot be due to a regular fluctuation due to peak time periods. In addition, the increased volume of work must

be for a significant period of time, as brief periods of increased volume will not merit a pay increase.

- f. Will the IGPI being considered cause pay inequity within the agency?** Agency management needs to consider the impact that the IGPI may cause on other employees in the same or similar classification or who work alongside the employee. If the IGPI being considered would cause the agency to request a series of IGPI's for other employees, the IGPI is not appropriate and will not be approved.
- g. Is the employee temporarily filling in for a supervisor or co-worker?** If this is the case and the employee whose work is being covered will be absent for 30 days or more, then an acting assignment pursuant to K.A.R. 1-6-29 should be utilized as opposed to an IGPI.
- h. Is there a cost savings?** While employees and supervisors may claim that work will result in increased efficiency, it must be measurable and documented as cost savings directly attributable to the actions cited as the basis for the IGPI in order to be approved.

If, after considering the factors detailed above, an agency determines that the criteria for an IGPI under this rationale have been met, the agency should submit the request for the IGPI to the Office of Human Resources (OHR). Where appropriate, staff from OHR may work with staff from the requesting agency to review the position description, performance expectations and estimated cost savings of positions proposed for an IGPI

RATIONALE #2 – Counteroffer

Purpose: To counter a documented job offer from another employer when they offer a valued State employee a job with an increase in pay. This would not include a job offer from another State of Kansas agency.

Standard Expectations: There must be written confirmation of the job offer being cited as a basis for the IGPI and the job offered must be for a position similar to the employee's current job. Consideration must also be given to the impact of a salary increase on other employees in the same or similar classification and working in the same organizational unit. Finally, the performance expectation and ratings of an individual employee who is of such importance to the agency to warrant an IGPI under this rationale should clearly demonstrate the employee's importance to the agency.

Criteria: The agency must demonstrate that the employee has in fact received a job offer from another employer and that it is in the best interests of the agency to retain this employee.

Factors Considered for Approval: The following factors are considered in approving a request for an IGPI under this rationale:

- a. Is the job offered to the employee similar to the employee's current job?** If the job which is being offered is substantially different from the employee's current job, it may indicate the employee's willingness to leave for reasons other than that of higher pay (i.e. a

career change, supervisory responsibilities, etc.). In these circumstances, a counteroffer may not be appropriate.

- b. What are the reasons for seeking new employment?** If the offer is for a similar job with another organization, what are the employee's actual reasons for seeking to leave your agency? Is the employee motivated solely by the opportunity to earn a higher wage or are there other reasons for the employee's interest in seeking other employment, such as trouble with a supervisor or co-worker? This is not a proposal that most employees consider lightly, as they will be forgoing the benefits that they have accrued with the State of Kansas to start over with a new organization. Until the actual reasons are identified, providing an IGPI may not address the actual issue. This may result in increased costs and may cause envy or discontent amongst other employees.
- c. Will the counteroffer being considered cause pay inequity within the agency?** Agency management needs to consider the impact that the counteroffer may cause on other employees in the same or similar classification or who work alongside the employee. If the counteroffer being considered would cause the agency to request a series of IGPI's for other employees, the IGPI is not appropriate and will not be approved.
- d. Is the job offer from an employer with whom the State of Kansas cannot reasonably be expected to compete with regard to salaries and benefits for similar work?** A counteroffer cannot be considered if the job offer sought to be countered is from an organization that traditionally exceeds the rate that the State of Kansas offers in salaries and benefits for similar work, e.g. some positions with the Federal government or a Fortune 500 company.

If, after considering the factors detailed above, an agency determines that the criteria for an IGPI under this rationale have been met, the agency should submit the request for the IGPI to OHR along with documentation of the job offer serving as the basis for the proposed IGPI. Where appropriate, staff from OHR may work with staff from the requesting agency to review the possible consequences and actions that would be required if the employee were to accept the job offer from another employer.

FUNDING

IGPI's are to be funded within an agency's existing budget. Examples of how agencies could pay for these increases include:

- Leaving positions open, or eliminating positions as they become vacant.
- Downgrading vacant positions.
- Using monies saved by filling vacant positions at a lower rate of pay than was paid to the previous incumbents.

An agency will need to prioritize the IGPI's that it provides if the total dollars needed for those increases exceed the agency's current budget resources.

GRIEVABLE ITEM

Any employee who feels he or she has been disadvantaged by not receiving an IGPI when others do, or by not receiving a comparable increase when circumstances are comparable, may file a grievance within the agency or appropriate employee organization grievance procedure.

SHARP INSTRUCTIONS

Agencies are to enter IGPI's in SHARP by adding a new row in Job Data with the effective date of the pay increase.

1) **Permanent in-grade pay increase** Use the following action/reason code:
PAY/IPI – Pay Rate Change/In-Grade Pay Increase

REQUIRED CLEARANCE ACTIONS

Requests for an IGPI should be submitted via the electronic form at the following link:
<http://da.ks.gov/ps/subject/arc/ingradeform/frmingrade.htm>

This form may be filled out and submitted online or may be downloaded and submitted by mail or fax to:

Office of Human Resources
ATTN: In-Grade Pay Increase
900 SW Jackson St., Rm. 252
Topeka, KS 66612-1251
Fax: 785-296-0756

IGPI requests will be reviewed by OHR and the Division of the Budget, and staff from OHR will notify agencies of decisions regarding the requests.

UPDATES

As necessary, the Office of Human Resources will update these guidelines to notify agencies and employee organizations of additional qualifying circumstances or other changes related to the management of this capability.

Director, Office of Human Resources

Date