

Special Salary Adjustments - Retention

Contents:

- [Introduction](#)
 - [Purpose](#)
 - [Avoiding Retention Problems](#)
 - [Policy](#)
 - [Criteria](#)
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Introduction

Historically, pay administration policies for promotion, reallocation, salary range revision, special entry rates, and performance pay have interacted comprehensively to provide a pay system that is fair and equitable. Funding deficiencies result in some employees' general market value being greater than their current compensation, when general (across-the-board) increases alone have been insufficient to keep market pace.

The policy is not intended to resolve all retention problems. Funds are available only from limited salary reserves of an agency or program and these funds must be managed to serve a variety of program necessities. Therefore, the implementation of special salary adjustments is limited to the most critical retention issues.

Purpose

The purpose of retention salary adjustments is to provide a last resort means to maintain employment of a key employee who has a similar job offer outside the government structure. It is not a purpose to reduce the employee turnover ratio of the employer in any appreciable sense, but to retain key employees. Key employees may exist at any hierarchical level in the organization and may represent most occupational families. They typically occupy one-of-a-kind jobs or jobs that are extremely hard to fill.

Avoiding Retention Problems

The need for considering retention increases should be avoided through careful and continuing attention to the many personnel management policies, techniques and programs, such as:

- application of standard policies of promotion and reallocation;
- training and educational assistance;
- job design and position management;

Special Salary Adjustments – Retention (continued)

- succession planning;
- performance recognition and reward;
- flexible work schedules;
- work environment;
- modern work equipment, tools, processes and other resources; and
- proper and good supervision.

Ideally retention increases should not be necessary. Good management practices should prevent this becoming necessary, through promotion, training, reward, succession planning and other techniques.

Policy

Special Salary Adjustments for Retention are within grade pay increases not covered by other pay administration policies that may be necessary in cases of key employee retention problems related to critical and unusual labor market conditions.

Special salary adjustments are not permissible where the intent or result would violate or circumvent the provisions of other pay administration policies or any provision of law in effect at the time. Agency management is responsible for maintaining internal equity among their employees and for assuring that special salary adjustments do not create other inequities.

Recommended adjustments under this provision are subject to the availability of salary reserve funds and are subject to approval of the Human Resources Director and the Director of State Budget and Management.

Justification, addressing the criteria listed below, must accompany requests for special salary adjustments, including specific outside salary offers.

Criteria

Conditions to be met prior to requesting a retention increase are:

Special Salary Adjustments – Retention (continued)

- (1) There is a bona fide written job offer from an employer outside the government structure which provides greater compensation without increased responsibility;
 - (2) There is no current employee with substantially equal qualifications for promotion to the potential vacancy;
 - (3) Serious salary inequities would not be created by a special salary adjustment;
 - (4) The position duties are key to agency or program mission accomplishment; and the knowledge, skills and abilities required of an incumbent are clearly identified as difficult to recruit or the occupational group is acknowledged by the Office of State Human Resources as having a critical labor market shortage;
 - (5) Assurance that the use of established personnel policies/actions are not feasible alternatives to a special salary adjustment (promotion, position reallocation, salary range revision, performance increase);
 - (6) Assurance that other management alternatives are not feasible (realignment of duties; allocation of additional personnel, equipment, or other resources; commitment to personal development needs or future job opportunity; or other actions meeting mutually perceived needs that are not currently available, but are perceived by the employee as being better satisfied by the external job offer); and
 - (7) Above satisfactory performance level.
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