**BASE PAY COMPENSATION TOOLS**

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|  | **MERIT PAY INCREASE** | **EQUITY PAY INCREASE** | **CONDITIONAL MERIT PAY INCREASE** | **TEMPORARY MERIT INCREASE** |
| **ELIGIBLE** | Current state employeesPer Idaho Code §67-5309B(3) | | | |
| **PURPOSE** | To reward employees for merit-based reasons (performance). | To correct issues with equity internally within an agency (same pay grade), internally within the state (job classification), or externally in the market for similar positions. | To reward employees for merit-based reasons (performance) for specific additional duties/responsibilities. | To compensate an employee for performing a short-term work assignment. |
| **TYPE OF PAY** | Ongoing | Ongoing | Ongoing, until condition expires. | Temporary, for at least one full pay period and generally no more than 6 months, or 13 pay periods. |
| **REQUEST SUBMISSION** | The agency must submit written justification to DHR and a fiscal impact to DFM for review and approval. | The agency must submit written justification to DHR and a fiscal impact to DFM for review and approval. | The agency must submit written justification to DHR and a fiscal impact to DFM for review and approval. MOU with conditions must be included. | The agency must submit written justification to DHR and a fiscal impact to DFM for review and approval. MOU with conditions must be included. |
| **DOCUMENTATION** | The agency must submit written justification to DHR and DFM. | The agency must submit written justification to DHR and DFM that includes a work/salary study appropriate for the equity concern. | The agency must submit written justification to DHR and DFM and a copy of the MOU template for review. | The agency must submit written justification to DHR and DFM. Employees must sign a temporary merit increase agreement. |
| **EVALUATION REQUIRED** | Yes (“Achieves Performance Standards” or better) | No | Yes (“Achieves Performance Standards” or better) | Yes (“Achieves Performance Standards” or better) |
| **LUMA CODE** | Change Pay Rate – Merit Increase Performance | Change Pay Rate – Salary Equity Adjustment Increase (External) or (Internal)– | \*Work through Statewide Compensation Manager to process | \*Work through Statewide Compensation Manager to process |
| **BEST PRACTICES** | * Increase must be based on merit. * Can be used for achievement of a necessary certification or program. | * Internal compression concerns, such as change to starting pay for a group of employees. * Review of similar job classes across agencies (must include time in class and performance comparison). * Market pressures for a particular job classification. * Not appropriate for increase in workload or longevity. | Include language in the MOU that clearly explains the conditions for which the employee is receiving an increase and the amount that will be removed once those conditions are no longer present.  Examples: Lead worker, taking on roles beyond others in a similar class. | * Filling in for a vacancy. * On a special project or assignment. * Training new staff. * Cannot be given in lieu of a performance bonus. * Extension past 6 months must be requested and approved by DHR and DFM. |

Associated Policy – [Statewide Employee Compensation Policy](https://dhr.idaho.gov/wp-content/uploads/2023/09/Section-1-Employee-Compensation-update-092023.pdf)

\*This is temporarily a manual process in Luma entered at the State HR level.