

<u>ADMINISTRATIVE REGULATION</u>		REGULATION NUMBER 1450-03	PAGE NUMBER 1 OF 4
 COLORADO DEPARTMENT OF CORRECTIONS		CHAPTER: Personnel	
		SUBJECT: Discretionary Pay Differentials	
RELATED STANDARDS: ACA Standards - 2-CO-1C-22 and 4-4065		EFFECTIVE DATE: May 15, 2018	
		SUPERSESION: 06/01/17	
OPR: OHR	REVIEW MONTH: APRIL	 Rick Raemisch Executive Director	

### I. POLICY

*Within the broad parameters of the Colorado State Personnel System, it is the policy of the Colorado Department of Corrections (DOC) to exercise authorized flexibility and discretion by offering pay differentials to recruit, hire, and retain DOC employees with unique or specialized skills. It is also the policy of the DOC to ensure that salary levels and DOC employee benefits for all agency personnel are competitive with comparable occupational groups in the public and private sector. [2-CO-1C-22] [4-4065]* Colorado Personnel Director's Procedures and state Personnel Board Rules will supersede this administrative regulation.

### II. PURPOSE

The purpose of this administrative regulation (AR) is to outline procedures for appointing authorities to request discretionary pay differentials and implement agreements with recipients.

### III. DEFINITIONS

- A. Housing Premium: a stipend granted by a department head to designated employees living and working in high housing cost areas with demonstrated recruitment and retention problems. It is not part of the base rate and may begin or end at any time. [State Personnel Board Rule 3-48]
- B. Incentive Award: Non-base building cash or non-cash incentive award. [State Personnel Board Rule 3-21]
- C. Matching Pay: Discretionary pay that may be authorized as either base building or non-base building for movements within the same pay range.
- D. Project Pay: Project assignment that is not an expected or customary part of the regular assignment and is critical to the mission and operations of the department as defined by the purpose of the project, its time frame, and the critical nature and expected results.
- E. Referral Award: Discretionary, non-base building award paid to a current DOC employee for referral and subsequent hire of a DOC employee into a DOC position that requires a unique, specialized skill when there is a documented shortage in the market and recruitment and retention difficulty exists in the Department.
- F. Signing Award: Discretionary, non-base building award used to attract DOC employees into the State Personnel System to fill positions in critical occupations where there is a documented shortage in the market and recruitment and retention difficulty exists in the Department that jeopardizes the agency mission; or the applicant possesses a unique and critical skill in relation to the job requirements.

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- E. Temporary Pay Differential: Discretionary, temporary, non-base building pay up to 15 percent of current base pay, not to exceed statutory lid.

#### IV. PROCEDURES

- A. Criteria: The referring appointing authority must demonstrate and articulate the need for the discretionary pay differential, taking into consideration the good of the Department and sound business practices and needs
- B. Requests for pay differentials must be signed and forwarded by the requesting appointing authority on AR Form 1450-03A. Routing of requests must be to the Chief Human Resource Officer for verification of eligibility, the appropriate division director for approval/denial, the Director of Budget, and the DOC Deputy Executive Director for approval/denial. If approved, each type of pay differential must have an individual AR Form 1450-03B, Discretionary Pay Differential Request Form/Agreement which specifies the amount, terms, and conditions. When the DOC determines to approve discretionary pay for an identified classification of DOC employees in a specific location, one form may be submitted with an attached list of DOC employees eligible for the discretionary pay. The list will include the same identifying data for the eligible DOC employees as is provided in the "General Info" section of AR Form 1450-03A, Discretionary Pay Differential Request.
- C. DOC may use non-base building discretionary pay differentials on a temporary basis, which will be funded within existing budgets. Differentials are not guaranteed and, if granted, may be discontinued at any time. Aspects of any discretionary pay differential are not grievable or appealable, except for discrimination; however, an alleged violation of the department plan can be disputed. [State Personnel Board Rule 3-49]
- D. Discretionary Pay may be used for any of the following:
1. Counteroffer may be used when an employee with critical, strategic skills receives a verifiable higher salary offer from another department of outside employer and it is determined by the appointing authority that a higher base salary is needed for retention purposes. Written confirmation of the other entity's salary offer is required.
  2. Signing bonus is a non-base building lump sum that may be used to attract new permanent DOC employees into the state personnel system. It may be paid in one or several payments; however, the sum of the bonus and current base pay cannot exceed a statutory lid in any given month. [State Personnel Board Rule 3-49B] Signing bonuses may be used for the following reasons:
    - a. To fill positions in critical occupations where there is a documented shortage in the labor market and recruitment or retention difficulty in the Department that jeopardizes its mission; or,
    - b. The applicant possesses a unique, critical skill in relation to the job market.
  3. Referral award is a non-base building lump sum that may be granted to a current DOC employee for the referral and subsequent hire of a new DOC employee into the state personnel system where the position requires a unique, specialized skill and there is a documented shortage in the labor market and recruitment or retention difficulty in the Department. This award is to be used for permanent DOC employees, unless the executive director grants an exception. DOC employees who influence, or are responsible for hiring, and those performing recruitment as part of their regular assignments are ineligible. DOC employees assisting at hiring events are also ineligible. The sum of the award and current base pay cannot exceed the statutory lid in any given month.
    - a. Referring DOC employee name must be listed in the application of the new hire.
    - b. When a referral award is being offered for a position, the appropriate division director will initiate the request to pay a referral award and the amount for any such award.

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- c. No discretionary pay differentials are guaranteed. If granted, it may be discontinued at anytime.
  - d. Referring DOC employee must submit AR Form 1450-03A to the appointing authority for signature, who will follow appropriate routing. Discretionary Pay Differential Requests must include name of new DOC employee, recruited date and hire date.
  - e. Approved AR Form 1450-03A, Discretionary Pay Differential Request with all signatures will be forwarded to the Office of Human Resources (OHR), Systems and Records Unit for processing.
4. Temporary pay differential is a non-base building award that may be granted to a current permanent DOC employee in the same position. The sum of the temporary award and current base pay will not exceed a statutory lid in any given month and is paid through regular payroll. This differential will not be used as a substitute for the promotional or reallocation process, nor will it be used in concurrence with overtime earning capabilities. Temporary pay differentials may be used for the following reasons and may be extended at the written approval of the appropriate division. [State Personnel Board Rule 3-49D]
- a. Acting assignment where the DOC employee assumes the full set of duties (not “in absence of”) of a higher-level position that is vacant or the incumbent is on extended leave for a period longer than 30 days, but less than nine months. The differential will not exceed nine months for any given acting assignment. Acting assignments may be extended at the written approval by the appropriate division.
  - b. Long-term project assignment that is not an expected or customary part of the regular assignment and is critical to the mission and operations of the Department, as defined by the purpose of the project, its time frame, and the critical nature and expected results;
    - 1) Project must be submitted to appropriate division to include
      - a) Project time frames
      - b) Purpose of project
      - c) Projected results
      - d) Measurable achievement
    - 2) Project must be outside or above the employee’s current classification.
      - a) Must be documented and supported by written justification to the chief human resources officer.
      - b) Quantity of workload does not change classification – complexity of work may be considered.
  - c. Retain a unique, specialized set of skills or knowledge that is critical to the mission and productivity of the Department. The loss would result in a documented severe, adverse effect on the Department’s mission and productivity.
5. Housing Premium: Refers to an award, determined by the appropriate division director that may be provided for specific job classifications and/or geographical areas based on defined criteria. All criteria will be outlined in the incentive agreement. The division director can discontinue any housing premium stipend at any time.
6. DOC employees are not authorized to promise any of the discretionary pay differentials; only an assurance may be given that a request will be submitted to the approving authority.
  7. After action is taken on the request by the approving authority, the appointing authority may advise the subject regarding the outcome.
  8. The considerations and processes for discretionary pay differentials are outside the purview of performance awards available in the performance management – achievement pay.

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V. RESPONSIBILITY

- A. The DOC employee is responsible to notify the appointing authority that they have referred a new hire within 60 days of hire date to initiation submission.
- B. The chief human resources officer is responsible for maintaining all records associated with discretionary pay differentials, alerting payroll of pay differential decisions, recommending eligibility factors, and compiling recruiting statistics.
- C. The chief human resources officer will review this AR annually and update as necessary.

VI. AUTHORITY

- A. Colorado Code of Regulations
- B. Department of Personnel 4CCR 801 Personnel Board Rules and Personnel Director’s Administrative Procedures effective March 30, 2013
- C. C.R.S. 24-50-101. et.seq. Short title – legislative declaration – terminology.

VII. HISTORY

June 1, 2017  
March 15, 2017  
March 1, 2015  
March 1, 2014  
July 1, 2012  
July 15, 2010  
July 1, 2009  
July 1, 2008  
July 1, 2007  
July 1, 2006  
July 1, 2005  
May 15, 2005  
May 15, 2004

ATTACHMENTS:

- A. AR Form 1450-03A, Discretionary Pay Differential Request
- B. AR Form 100-01A, Administrative Regulation Implementation/Adjustments



### Discretionary Pay Differential Request

I. General Info							
Date:				Assigned Facility/Office			
Printed name of DOC employee for whom award is requested							
DOC Employee #			State EID #			Classification	
DOC Employee Address							
II. Type of discretionary pay requested: (Please check one)							
	Matching Pay		Temporary Pay		Project Pay		Housing Premium
	Referral Award		Signing Award		Incentive Award		
Justification for discretionary pay request (must meet criteria for type of pay - see definitions in AR):							
** No discretionary pay differentials are guaranteed. If granted, they may be discontinued at any time.							
Matching Pay:							
1.	Amount offered:			% base building:			% non-base building:
	Pay start date:			Pay end date:			
2.	Is pay a counter offer to a bona fide job offer?					If yes, attach documentation of job offer.	
3.	Is pay for the purpose of bringing pay rate of long term DOC employee to rate of newer DOC employee (s)?						
4.	Is pay offered for a transition to another position/assignment?				If yes, provide position and/or classification.		
Temporary Pay							
1.	Status and position number of incumbent, if a temporary assignment						
2.	Time limit on assignment is (days)			Effective Date:			End Date:
Assignment is not permanent and will be reviewed periodically to determine need for continuation or termination. <b>Assignment may be terminated at any time by the appointing authority.</b>							
Referral Award							
1.	Referral award (not to exceed \$500):						
	100% to be paid six months after hire, provided that both DOC employees are still employed.						
	Recruitment Date			Hire Date			Pay Date
	Verify employee's name on recruited application. Payout is non-base building and statutory lid applies.						

Signing Bonus:					
1.	Signing Bonus (not to exceed \$5,000) Amount:	Payout will be distributed as follows:			
Payout is non-base building and statutory lid applies. <b>If DOC employee voluntarily separates from DOC service prior to the completion of one full year, the award tendered will be returned in full.</b>					
Project Pay					
1.	Status and position number of incumbent, on project assignment:				
2.	Time limit on project is (days)		Effective Date		End Date
Assignment is not permanent and will be reviewed periodically to determine need for continuation or termination. <b>Assignment may not be terminated at any time by the appointing authority.</b>					
Incentive Award					
1.	Effective Date:		Amount Eligible:		
Assignment is not permanent and will be reviewed periodically to determine need to for continuation or termination. Assignment may be terminated at any time by the appointing authority.					
Housing Premium					
1.	Effective Date:		Amount Eligible:		
III. Routing as follows:					
Approved by:	_____ Signature Chief Human Resources Officer			_____ Date	
	_____ Signature Division Director			_____ Date	
	_____ Signature Associate Director of Budget			_____ Date	
	_____ Signature Deputy Executive Director			_____ Date	
IV. The amounts, terms, and conditions of this agreement may not be grieved or appealed.					
By my signature affixed hereto, I understand and agree to all the applicable provisions of this document.					
Signature	_____			_____	
	Appointing Authority			Date	
	_____			_____	
DOC Employee			Date		
<b>After signatures, forward to the Office of Human Resources and Payroll</b>					

**ADMINISTRATIVE REGULATION  
IMPLEMENTATION/ADJUSTMENTS**

AR Form 100-01A (04/15/08)

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(FACILITY/WORK UNIT NAME) \_\_\_\_\_

WILL ACCEPT AND IMPLEMENT THE PROVISIONS OF THE ABOVE ADMINISTRATIVE REGULATION:

AS WRITTEN     NOT APPLICABLE     WITH THE FOLLOWING PROCEDURES TO ACCOMPLISH THE INTENT  
OF THE AR

(SIGNED) \_\_\_\_\_ (DATE) \_\_\_\_\_

Administrative Head