SAO
STATE ACCOUNTING OFFICE
sao.georgia.gov
Fiscal Leadership for Georgia

Financial Systems

DATE: **December 21, 2007**

AREA: **HCM All Areas**

TOPIC: **Salary Increase/Performance Management Processing**

EFFECTIVE: **December 26, 2007**

MESSAGE:

The following are the list of Discretionary Adjustments Codes to be used for the 2008 Salary Increases. Each agency will have to enter the discretionary adjustments manually in PeopleSoft using the effective date of January 1, 2008. Please see below a brief summary of the 0.5% discretionary adjustment and the descriptions of the new action reason codes.

0.5% Discretionary Adjustments

Discretionary Adjustments are to be used for performance incentives, market or equity adjustments. The adjustments are intended to reward exceptional performance and/or address specific critical staffing needs and therefore are to be applied to a small segment of the total agency workforce.

Discretionary Adjustments are effective January 1, 2008, but must be paid out by the end of the fiscal year June 30, 2008. Each agency should have received a communication from SPA providing the plan template that agencies should have used to submit their Discretionary Increase Salary Disbursement plans.

Definitions of Discretionary Adjustments

A. Performance Incentives:

Definition: May be either Incentive Awards or Exceptional Performance Awards. *Incentive Awards* are given in compliance with an approved Incentive Payment Plan (i.e. goal-based plans, etc.) established in accordance with SPB Rule 17.1000. *Exceptional Performance Awards* are given in conformance with the Performance Management Process to employees who exceed performance expectations (SPB Rule 17.900).

EARNINGS CODES:

BNA - Bonus-Performance Based
BNB - Bonus-Skills When Hired
BNC - Bonus-New Critical Skills
BND - Bonus-Goal Based/Incentive Pay
BNE - Bonus-Special Extraordinary Service

- Performance incentive awards are one time lump sum payments and are **not** applied to base salaries.
- The lump sum payments should be entered on the Payline.

B. Market Adjustment:

Definition*:* Market adjustments are salary increases used to more closely align employee salaries with the appropriate market rate.

ACTION/REASON: PAY/MPI

- These adjustments will be applied as a base salary increase.
- Employees who are at or over the pay grade maximum are not eligible to receive a market adjustment.

C. Equity Adjustment:

Definition*:* Adjustments that may be applied where salaries of more recent hires or of lower rank (less education or experience) have risen close to the salary of employees of higher rank or longer tenure, for reasons that cannot be attributed to performance differences (Compression).

ACTION/REASON: PAY/EPI

- Equity adjustments will be applied as a base salary increase.
- Employees who are at or over the pay grade maximum are not eligible to receive an equity adjustment.

D. Criteria Based Adjustments:

Definition: A criterion-based adjustment is a *permanent increase to an employee's base salary*. This type of increase would be granted when an employee meets established criteria.

ACTION/REASON: PAY/CBI

- These adjustments will be applied as a base salary increase.
- Employees who are at or over the pay grade maximum are not eligible to receive a *Criteria Based Adjustment.*

ACTION:
Agencies must manually enter Discretionary Adjustments for Performance Incentives directly on the payline. However, Market, Equity, and Criteria Adjustments must be manually entered in Job Data. Please use effective date of January 1, 2008 with the appropriate action/reason codes above.

ADDITIONAL INFORMATION/RESOURCES:
Refer to Action/Reason manual on the SAO website for appropriate codes.

QUESTIONS: HCM Production Support
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