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DATE: June 26, 2018

TO: Heads of State Agencies and Human Resources Directors

SUBJECT: Market Adjustment Implementation Guidelines

This general circular provides information and guidance to Appointing Authorities and Human Resources Directors on Classified Employee Market Adjustments. In accordance with Civil Service Rule 6.32, in order to maintain market competitiveness, classified employees shall be granted market adjustments effective July 15, 2018.

In addition to this general circular, Human Resource Directors should carefully review all Civil Service Rules and HR Handbook guidelines pertaining to market adjustments.

[“Nuts and Bolts” of Market Adjustments Video](#)

Check out our newest video: the [“Nuts and Bolts” of Market Adjustments](#). This video explains the purpose and importance of moving employees to the “market rate” of their respective pay range through the use of annual market adjustments. Please feel free to share this video with your staff. It is also available on our website and social media platforms.

[Market Adjustment Requirements](#)

- Employed in a classified appointment, other than WAE, six months prior to the disbursement date
- Employed in a classified appointment, other than WAE on the effective date of disbursement (July 15, 2018)
- Did not receive a “Needs Improvement/Unsuccessful” rating on the official PES rating effective from the prior performance year(Fiscal Year 2016-2017)
- Salary is below pay grade maximum on the effective date of disbursement

[Pay Changes Prior to Market Adjustments](#)

Any pay changes that occur prior to the market adjustment disbursement date (July 15, 2018) must be entered timely, as any unreported pay transactions will result in an incorrect market adjustment calculation.

SCS Market Adjustment Calculator

The [SCS Market Adjustment Calculator](#) is located in the HR Portal under the “SCS Calculators” section and is available for use by all state agencies, regardless of payroll system utilized. To begin a market adjustment calculation, HR users must first select the status of each classified employee for which a salary calculation is needed:

- Regular Employee: Rank-and-file classified employee
- Detailed Employee: Classified employee in detail to special duty status
 - *Per C.S.R. 6.32(f), employees on detail shall have the market adjustment applied to the home rate of pay and then shall have the detail rate of pay recalculated based on this new home rate. Using the “Detailed Employee” option, the SCS Market Adjustment Calculator will take into account this rule requirement.*
- Unclassified Leave of Absence Employee: Classified employee on a leave of absence to serve in an unclassified capacity.
 - *Eligible employees receive a market adjustment **ONLY** on their classified “home” salary. Unless otherwise approved by the agency’s appointing authority, no adjustment is to be made on the unclassified rate of pay.*

Once the correct employee type is selected, users will enter the employee’s pay grade and hourly salary as of July 14th (close of business) and the calculator will determine:

- Placement of the employee’s hourly rate of pay in the corresponding quartile of the pay range
- Eligible market adjustment percentage
- Resulting hourly and biweekly rate of pay after the market adjustment is applied

The calculator will also determine if the employee is at or near the maximum of the pay range, which could result in no eligibility for payment or an eligibility of less than two percent, and will provide guidance on any corresponding payroll system entry. For LaGov HCM users, system-specific instructions will display to provide additional information.

LaGov HCM ZP258 Market Adjustment Utility

For LaGov HCM agencies, the [ZP258 Market Adjustment Utility](#) will be available to create multiple “Market Adjustment” Basic Pay records simultaneously. Once HR users have identified all eligible classified employees, these personnel numbers can be uploaded into the utility. The utility will initially run in “test mode” and will display the employees’ eligible percentage and corresponding salary based on the rate of pay as it exists in LaGov HCM on July 14th. A “Market Adjustment” Basic Pay record will be created, effective July 15th, on these employees (unless otherwise noted – please read the [ZP258 Help Script](#) for additional information).

HR users should review the information for accuracy and identify any issues. Once this review is complete, the user can back out of the utility. Should any ineligible employees appear in the displayed information, users can manually remove these personnel numbers from the list. No Basic Pay records are created by the utility until the “create records” box is selected, which appears only on the main utility screen. **Please be aware that Basic Pay records generated using the ZP258 Market Adjustment Utility will overwrite any existing entries effective July 15th as well as any future dated records.**

Requirements for Employees on Detail and Leave of Absence

State Civil Service is requiring all HR users to create market adjustment Basic Pay records for classified employees serving on detail to special duty or on a leave of absence using the PA30 Maintain Master HR Data transaction. Do NOT process these employees using the ZP258 Market Adjustment Utility, as the utility will not correctly apply the market adjustment percentage since the employee's home salary is an informational wagetype.

Reporting and Documentation Requirements

Should another pay transaction also take place on July 15th, SCS is requiring HR users to only use the pay reason of "Market Adjustment" in their respective payroll systems. This stipulation will ensure accurate reporting on market adjustment payments in the future.

For documentation purposes, the Accountability Division will be looking for appointing authority approval and certification for compliance for all employees that received a market adjustment payment. This can be in a single spreadsheet, document or report format that contains the appointing authority's signature and, at minimum, the following elements:

- Personnel number or Employee ID
- First Name
- Last Name
- Market adjustment percentage granted
- Salary after the market adjustment is applied

Further Assistance

For market adjustment eligibility questions, please call your Compensation consultant for guidance.

For LaGov HCM entry-related questions, please call your Employee Relations consultant for guidance.

Sincerely,

s/Byron P. Decoteau, Jr.
State Civil Service Director