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GENERAL CIRCULAR NUMBER 2023-038

DATE: June 14, 2023

TO: Heads of State Agencies and Human Resources Directors

SUBJECT: Market Adjustment 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, 2023.

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

[Market Adjustment Eligibility Requirements](#)

In order to be eligible for a market adjustment payment, a classified employee shall meet all of the following criteria:

- Employed in a classified appointment, other than WAE, six months prior to the disbursement date (January 15, 2023)
- Employed in a classified appointment, other than WAE, on the disbursement date (July 15, 2023)
- Did not receive a “Needs Improvement/Unsuccessful” rating on the official PES rating effective from the prior performance year (Fiscal Year 2021-2022)
- Salary is below pay grade maximum on the effective date of disbursement (July 15, 2023)

[Changes to Market Adjustment Percentages](#)

As described in [General Circular 2022-059](#), the market adjustment percentages are changing. Beginning with the July 15, 2023 payment, market adjustment percentages to be applied are as follows:

- If the employee’s hourly rate of pay is fixed at a point from the minimum up to the 1st quartile of the pay range, the employee’s pay shall be increased by 4%.

- If the employee's hourly rate of pay is fixed at a point above the 1st quartile up to the midpoint of the pay range, the employee's pay shall be increased by 4%.
- If the employee's hourly rate of pay is fixed at a point above the midpoint up to the 3rd quartile of the pay range, the employee's pay shall be increased by 3%.
- If the employee's hourly rate of pay is fixed at a point above the 3rd quartile up to the maximum of the pay range, the employee's pay shall be increased by 3%.

[Pay Changes Prior to Market Adjustments](#)

Any pay changes that occur on an employee prior to the market adjustment disbursement date (July 15, 2023) must be entered timely, as any unreported pay transactions will result in an incorrect hourly rate off of which the market adjustment calculation will be made.

[Pay Plan Changes Prior to Market Adjustments](#)

As outlined in [General Circular 2022-058](#), the AS, MS, SS, and WS pay schedules are changing effective July 1, 2023. The pay plan changes may result in pay changes to an employee's rate of pay as well as the location of the pay rate within a pay schedule. Any necessary pay changes must be made prior to market adjustment implementation.

[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 the HRIS utilized. The Market Adjustment Calculator has been updated with the July 1, 2023 pay plan information and new market adjustment percentages on which to base the calculation.

To begin a market adjustment calculation, HR users must first select the status of the 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 position.
 - *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, HR 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 three 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. The ZP258 Market Adjustment Utility has been updated with the July 1, 2023 pay plan information and new market adjustment percentages on which to base the calculation.

After 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 Basic Pay records.**

[Requirements for Classified Employees on Detail or Leave of Absence](#)

For LaGov HCM agencies, 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 to serve in an unclassified position using the PA30 Maintain Master HR Data transaction. Do **NOT** process these employees using the ZP258 Market Adjustment Utility. For classified employees serving on detail to special duty, the utility will not correctly calculate the market adjustment percentage since the employee’s “detailed” salary within the “detailed” pay level is the incorrect basis from which the calculation will be made. For classified employees serving on a leave of absence to serve in an unclassified position, the utility will not allow a record to be created since the employee will appear in an unclassified job title and pay grade.

Reporting and Documentation Requirements

For documentation purposes, the Compliance and Audit 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

Since market adjustments are calculated by the application of a percentage based on the location of an employee's hourly rate within a pay level, it is important that the market adjustment entry is not combined with other personnel actions. ***Please avoid effecting other employee pay changes on July 15th.***

Should another employee pay change be effective on July 15th, be aware of the following requirements:

- The market adjustment pay change shall be calculated first. The resulting hourly pay rate is to be used as the basis for the subsequent pay change calculation.
- The pay reason of "Market Adjustment" shall be coded as the pay reason, regardless of the additional pay change that occurred on this day. This stipulation will ensure accurate reporting on market adjustment payments in the future. HR users can document in their respective HRIS as to what other pay change occurred on July 15th.

Further Assistance

For guidance on market adjustment eligibility or LaGov HCM entry-related questions, please contact the Applications & Data Management Division at SCS-AppData@la.gov.

Sincerely,

s/Byron P. Decoteau
Director