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# ADMINISTRATIVE SALARY INCREASE AND INCENTIVE AWARD PLAN

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## Directive 1.51

Authorizing Policy: [DHS Policy: 02-08, revised  
September 2021](#)

Related Policy: [DHS Policy: 02-05; FIACCT 05-03.07](#)

Rule: R477-6-2; R477-6-3; R477-6-6; R477-6-7;  
R477-7-7

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Forms:

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## Purpose

The division values employee achievement and dedication. Administrative Salary Increases (ASI) and Incentive Awards address critical workforce needs.

## Definitions

Administrative Salary Increase (ASI): an increase in an employee's current actual wage based on special circumstances determined by an agency head.

Incentive Award: One-time cash bonus, non-cash award, leave in lieu of cash

FTE: full-time employee

## Policy

1. ASI and Incentive Awards shall be issued to address critical workforce needs, including:
  - a. Outstanding Performance
  - b. Wage Compression
  - c. Retention
2. ASI and Incentive Awards are subject to availability of funding as determined by EDO, the Office of Fiscal Operations (OFO), and the division finance team.

- a. The division may use 0.5% of its personnel services budget to award ASI and Incentive Awards.
  - b. Up to 10% of division staff may receive ASI.
  - c. Up to 30% of division staff may receive a cash incentive award.
3. The division shall offer ASI and incentive awards as described in the ASI and incentive plan approved annually by the Executive Director's Office (EDO).
- a. ASI and Incentive Awards must be identified and supported with data.
  - b. Each ASI request must be reviewed and approved by EDO.
    - i. The supervisor must provide justification for the requested percent increase.
    - ii. The division may offer up to an 11% increase for an ASI.
  - c. The division director may approve an incentive award consistent with the approved ASI and incentive plan without additional EDO review.
4. The division allocates funds for ASI awards before funding incentive awards.
- a. The Director or Administrator of each of the following groups may award one team member a 10% ASI each fiscal year:
    - i. Division Leadership Team
    - ii. Finance and Contracts
    - iii. Business Systems Management and Integration
    - iv. Research and Supports
    - v. Services
    - vi. Intake and Waitlist Supports
  - b. If funding is available after awarding the ASI described in (a), the division may offer incentive awards and additional ASIs.

## Procedure

1. EDO, OFO, and the division finance team determine the amount of funding available for ASI and incentive awards each fiscal year.
  - a. Between April and June of each year, EDO and OFO analyze the budget forecast for the closing fiscal year to determine the amount that the division may use for ASI and incentive awards for the following fiscal year.
  - b. The division finance team analyzes the budget forecast to verify that funding is available for each ASI and incentive award requested by the division before submitting a request to EDO for final approval.

- c. The division finance team verifies that an ASI or incentive award does not exceed an award limit before submitting a request to EDO for final approval. Award limits are as follows:
        - i. The division may offer ASI to a maximum of 10% of the total number of division FTEs each fiscal year.
        - ii. An ASI may not exceed an 11% increase of the employee's wages.
        - iii. The division may offer a cash incentive award to a maximum of 30% of the total number of division FTEs each fiscal year.
    2. The division may fund the six ASI awards identified by the division director and each administrator on the division leadership team before funding an incentive award request or additional ASI request.
      - a. If funds are available after allocating the six ASI awards, the division leadership team assigns remaining funds for additional ASI or incentive awards.
      - b. The division finance team shall allocate the remaining funds:
        - i. to each team according to the number of FTEs on the team; and
        - ii. for the purpose assigned by the division leadership team.
      - c. The division finance team shall track all approved ASI and incentive awards for each fiscal year.
    3. Except as described in (a) and (b), a supervisor may consider any division employee for ASI and incentive awards.
      - a. The division may not offer ASI or an incentive award to an employee with:
        - i. a performance improvement plan; or
        - ii. a rating of "does not meet expectations" on the current performance evaluation.
      - b. The division may not offer an 'administrative leave in lieu of cash' award to an employee:
        - i. with an overall unsuccessful performance review within the last 90 days;
        - ii. with a performance improvement plan;
        - iii. on administrative leave pending the results of an investigation;
        - iv. with a disciplinary action within the last 12-month period; or
        - v. designated as Schedule IN or TL without benefits.
    4. Except as described in (b), a supervisor may nominate an employee for ASI and incentive awards, if the employee demonstrated outstanding performance during the fiscal year.
      - a. The supervisor uses DHS AEM Forms to submit any nomination to the administrator over their team, including documentation as described in (b) and (c).

- b. The supervisor must document how the employee demonstrated outstanding performance. Outstanding performance criteria is as follows:
    - i. The employee's job responsibilities significantly expanded in the past year without a change in job title or wage.
    - ii. The employee sought out developmental opportunities or learned new applicable skills.
    - iii. The employee cross-trained in a different job within the team.
    - iv. The employee took the initiative to find solutions or opportunities within the team.
  - c. To nominate an employee for an 'administrative leave in lieu of cash' award, the supervisor must document how the employee demonstrated "exceptional effort or accomplishment beyond that normally expected on the job". Criteria is as follows:
    - i. Demonstrating commitment to one of the five department pillars: Prevention, Self Reliance, Partnership, Operational Excellence, or People & Culture.
    - ii. Statewide benefits and public service: Awarded to employees who have increased or improved public service, safety, health or who have reduced the duplication of statewide efforts (such as improved interagency data systems, communication and coordination).
    - iii. Cost savings or revenue increases: Awarded to employees who have saved significant dollars, time or who have increased revenues.
    - iv. Outstanding work effort: Awarded to employees who have exceeded normal job responsibilities and expectations for a unique event or who have exceeded expectations over a sustained period of time.
5. The division director and each administrator on the leadership team may award one ASI up to a 10% increase to an employee on their team.
- a. Previous ASI and Incentive Awards are considered when determining awards each fiscal year.
  - b. The division may not award an ASI percentage that causes the employee's salary to exceed the employee's current salary range maximum.
  - c. If more than one employee on a team is nominated and qualifies for an ASI based on outstanding performance, the director or administrator shall consider any wage compression calculated for each employee. Wage compression is calculated as follows:
    - i. Compensation ratios are analyzed for each position and compared to the employee's length of employment. Any employee with five or more years of service and a comp-ratio of less than 1.0 qualifies for wage compression.
    - ii. Market ratios are analyzed to determine if an employee's wages are below the market rate for their position. A market ratio of less than 1.0 qualifies for wage compression.
    - iii. Supervisor and manager wages are analyzed against each employee that they manage. If an employee earns a wage within 95% of the wage earned by the supervisor or manager that the employee reports to, the supervisor or manager qualifies for wage compression.

- d. If more than one employee qualifies for ASI based on outstanding performance and wage compression, the director or administrator shall award the ASI based on:
  - i. the employee's contribution to the positive atmosphere and cohesiveness of the team;  
or
  - ii. the retention needs of the team.
- e. If funds are available after offering the ASIs for the fiscal year, the director or administrator shall consider offering an additional ASI or an incentive award to any employee that qualified for an ASI based on outstanding performance and wage compression but did not receive the ASI award.