

Wisconsin Human Resources Handbook

Chapter 560

Raised Minimum Rate

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Sec. 560.010 Introduction

Section 230.12, Wis. Stats., provides that a Raised Minimum Rate (RMR) may be established to successfully recruit and retain employees when external labor market rates exceed the state's pay rates for positions in a represented classification. An RMR is the lowest rate payable to any employee whose position is assigned to the classification, or official subtitle within the classification, or classification within the geographic area where the RMR is in effect.

Note: If an agency experiences difficulty recruiting employees for a position requiring unusual duties or requiring immediate performance at an objective or advanced level, refer to *Wisconsin Human Resources Handbook* Chapter 508—Hiring Above the Minimum for Classified Positions.

Sec. 560.020 Statutory and Rule Authority

1. Section 230.12 (1), Wis. Stats., provides in part:

“(a) *General provision.* 1. The compensation plan consists of both of the following:

a. The dollar values of the pay rates and ranges and the within range pay steps of the separate pay schedules to which the classes and grade levels for positions in the classified service established under the classification plan are assigned. ...

2. In addition, the compensation plan may, when applicable, include provisions for supplemental pay and pay adjustments, and other provisions required to implement the plan or amendments thereto. ...

(b) *Schedules.* The several separate pay schedules may incorporate different wage and salary administration features. Each schedule shall provide for pay ranges or pay rates and applicable methods and frequency of within range pay adjustments based on such considerations as competitive practice, appropriate principles and techniques of wage and salary administration and determination, elimination of pay inequities based on gender or race, and the needs of the service. Not limited by enumeration, such considerations for establishment of pay rates and ranges and applicable within range pay adjustments may include provisions prevalent in schedules used in other public and private employment, professional or advanced training, recognized expertise, or any other criteria which assures state employee compensation is set on an equitable basis.”

2. “To accommodate and effectuate the continuing changes in the classification plan as a result of the classification survey program and otherwise, the administrator shall, upon initial establishment of a

classification, assign that class to the appropriate pay rate or range, and may, upon subsequent review, reassign classes to different pay rates or ranges. The administrator shall assign each class to a pay range according to the skill, effort, responsibility and working conditions required for the class, without regard to whether the class is occupied primarily by members of a certain gender or racial group. The administrator shall give notice to appointing authorities to permit them to make recommendations before final action is taken on any such assignment or reassignment of classes.” s. 230.09(b), Wis. Stats.

Sections E and I of the Compensation Plan, Pay Administration for Classified Permanent and Project Employees in Non-Broadband Pay Schedules, and Pay Administration for Broadband Pay Schedules, respectively, define the parameters for using an RMR.

Sec. 560.030 RMR Information and Limitations

1. The RMR is the minimum rate paid to all current employees in the approved classification, or official subtitle within the classification, or classification within the approved geographic area.
2. RMRs may be approved for all positions currently assigned to the classification, or may be limited to a specific subtitle within a classification, or may be limited to a classification within a specific geographic area.
3. The RMR may not exceed the pay range maximum.
4. RMR requests are typically used for professional positions possessing clear standards in an occupational area where external market rates are clearly identifiable.

Note: When comparing state positions with other public or private sector positions, it is important that positions with similar educational standards be compared, e.g., if the state positions do not require or necessitate possession of a Masters degree, the positions are not comparable to those in the private sector that require a Masters degree.

5. The RMR will be evaluated at the time of the next salary structure adjustment for the affected classification(s), or at a time determined by the Division of Personnel Management (DPM) administrator to determine whether continuation or adjustment of the RMR is appropriate. Refer to Section 560.040 of this handbook chapter for additional information.

Market conditions fluctuate and an approved RMR may become unnecessary even if the RMR is higher than the adjusted pay range minimum. The approved RMR does not automatically continue in effect until the pay range minimum exceeds the RMR and decisions on whether to continue the RMR will be made on a case-by-case basis.

Sec. 560.040 Factors to Consider When Developing an RMR

An agency should contact DPM’s Bureau of Classification and Compensation (BCC) regarding the appropriateness of an RMR before initiating an analysis. The appointing authority may also want to consider the following.

Pay On Appointment:

1. Ensure spending authority is available to fund an RMR, including potential increases to affected current employees as noted in Section 560.020 of this handbook chapter.

Note: Costs to pay an RMR are funded within the agency’s base budget.

2. Consider the consequences of an RMR established close to or at the maximum of the pay range. Employees may not be eligible to receive base pay increases unless the pay structure is adjusted. In some cases, they may be eligible to receive a lump sum payment.

Compression:

1. Review the pay of employees in the same classification within the agency, considering the potential for pay inequities among positions. For example, moving entry level pay to a senior level pay point may cause pay inequities between senior and entry level employees.
2. Review other classifications with similar knowledge, skills, or abilities or other classifications that may use the same employment register and consider whether an RMR will create potential pay inequities.
3. Identify labor market problems by analyzing industry standards or practices for the specific occupational area.

Miscellaneous:

1. Review the Compensation Plan to assess whether an RMR is a viable option or other pay options are more appropriate (e.g., TAM in broadband pay bands).
2. Review the suitability of the RMR for a classification and determine the appropriateness based on the specific situation (e.g., is the RMR more appropriate for a specific subtitle within a classification or for a specific geographic area).

EXAMPLE: If an agency is experiencing recruitment difficulties for a particular classification in one area of the state but has no recruitment difficulties for the same classification in other geographic areas, a geographic RMR may be the most appropriate recommendation.

Sec. 560.050 Labor Market Data

Relevant labor market data should always be submitted to substantiate a request for an RMR. This information should be accompanied by a description of the duties performed. This information will expedite DPM's review. In gathering data:

1. Determine the most appropriate labor market area, that is, where qualified applicants are currently located. For most positions the labor market will be the same general geographic area as the vacancy (e.g., within Wisconsin or the Milwaukee area). For highly specialized technical and professional positions, the labor market may include the surrounding states.
2. In determining the labor market, remember states other than those surrounding Wisconsin will rarely be considered within the labor market unless a nationwide recruitment is conducted and it can be demonstrated that the applicant pool lies beyond Wisconsin and the surrounding states.

Note: Carefully select the "applicant pool" to determine the labor market. Agencies should take the appropriate steps to ensure comparability of positions when requesting an RMR. The description of duties used for comparison purposes must accompany the labor market data.

EXAMPLE: In collecting pay data for dentists, it would not be appropriate to include salary data for oral surgeons, orthodontists, etc.

3. Document data gathered by telephone. Include contact information if DPM needs to follow up for clarification.

4. Ask each labor market contact the same core questions to collect valid data.
5. Gather information on the rates paid by other employers requiring the same qualifications for similar positions.
6. Analyze private sector commissions or net private business profits if needed to obtain a realistic estimate of actual pay. However, the pay structures used for state positions generally do not accommodate these types of pay incentives.
7. Do not include items such as car allowances, stock options, bonuses, club memberships, etc., in compensation data.
8. Submit the labor market data to DPM to be reviewed along with any labor market data collected by DPM. If the labor market data does not support the RMR request, it may be denied or amended to a lower RMR.

Sec. 560.060 Roles and Responsibilities

1. AGENCY

Supervisor, Management and HR Staff

Request an RMR in writing and include the following information:

- a. classification
- b. official subtitle, if applicable
- c. geographic location, if applicable
- d. the proposed raised minimum rate
- e. rationale which must include:
 - 1) recruitment and retention data
 - 2) labor market data
 - 3) affected employees and their salaries
 - 4) commitment from the agency head to absorb the cost of implementation of the RMR

2. Bureau of Classification & Compensation

- a. Review and analyze the RMR request for:
 - 1) The relationship between the state pay rate and reported labor market pay rate(s).
 - 2) The recruitment and retention data.
 - 3) The likelihood that a reasonable number of qualified applicants would be available at the current and at the requested hiring rate.
 - 4) The effect of an RMR on other agencies using the same classification, and/or subtitle, and/or geographic area.
- b. Notify and discuss with all affected agencies.
- c. Notify the affected agencies of the approval, modification, or denial of the RMR.
- d. Prepare a Pay Processing Bulletin for official notification.

Sec. 560.070 Administrative Information

This chapter was originally issued in October 2001. It was updated July 2010 to reflect changes in Section I of the Compensation Plan that allow RMR use for nonrepresented classifications included in a broadband, to remove or update inaccurate references, remove the attachment which is no longer used, and to update references to the organization of OSER.

This handbook chapter was revised February 2016 to remove distinctions between represented and non-represented staff and to indicate the DPM Administrator ability to determine when the continuation or adjustment of an RMR should be reviewed. Pursuant to the changes introduced by 2015 Wisconsin Act 55, in July 2015, the Office of State Employment Relations was eliminated and the functions were transferred into the newly created Department of Administration, Division of Personnel Management. This chapter was updated to reflect the changes in terminology and processes that resulted from the organizational restructuring.

In June 2018, minor updates were made to ensure that the information is current and to update the formatting of the chapter to align with the *Wisconsin Human Resources Handbook* standards. In May 2017, the Bureau of Compensation and Labor Relations was modified to be the Bureau of Compensation and Employment Relations. Updates were also made to reflect this name change.

Chapter 560 was updated in August 2018 to reflect organizational changes that occurred to the Division of Personnel Management in conjunction with the implementation of Shared Services. The Bureau of Compensation and Employment Relations was divided into two separate bureaus: The Bureau of Classification and Compensation and the Bureau of Employee Management.