

# Agency Structure Adjustment Request

*Process & Procedures*

*Revised 9/27/2017*

## **Definition of Structure Adjustment:**

A structure adjustment is an adjustment to the salary range of a job based upon salary data and other relevant information from comparable jobs in the market that is collected by DHRM or from DHRM approved justifiable sources. No additional funding or budgetary support is associated with a structure adjustment. Prior to the final implementation of a requested structure adjustment, an agency may choose to resolve issues out of their own budget; however, any impact to deputy directors or issues addressed in state code must be approved by the Governor's Office.

## **Structure Adjustment Justification:**

H.B. 239 that was passed during the 2015 legislative session allows agencies to request adjustments to salary ranges for market based reasons outside of the Market Comparability Adjustment (MCA) process. This document will govern the process that DHRM will follow as requests for structure adjustments are made.

## **Initiating a Request:**

An agency requesting a structure adjustment is required to submit a structure adjustment request form. The **structure adjustment request form** includes all of the fields necessary to justify the request. The agency must work with their agency Human Resource Director to complete and submit the structure adjustment request form to the Human Resource Director, Compensation and Benefits team, or designee. The agency should also provide any additional supporting documentation. The structure adjustment request form requires the signature of the agency head or designee.

## **Threshold Standards for Justifying a Request:**

DHRM will evaluate whether to proceed with a structure adjustment request under a threshold standard. All of the following threshold standards must be met before DHRM conducts additional analysis on the request:

- **Budget**

No additional funding or budgetary support is associated with a structure adjustment. A structure adjustment may not have a budgetary impact on another agency without their support. Any budgetary impact, such as bringing employees up to the new minimum salary, must be resolved within existing budget appropriations prior to implementation of the structure adjustment. If an agency is unable to absorb the budget impact, the request will need to be included as part of the annual legislative and/or targeted funding process.

- **Salary Range Maximum Constraints**

DHRM will run a quartile distribution analysis on all jobs that are requested for a structure adjustment. If the analysis shows that the majority of employees are not close to the maximum of the salary range, then it would suggest that the salary range does not need to be adjusted and the request will likely need to be included as part of the annual legislative and/or targeted funding process.

- **Job Series Conflicts**

The structure adjustment cannot create a conflict for other jobs within a job family including job series levels. This includes conflicts that would create an equity misalignment between cross agency jobs. DHRM will evaluate all series level jobs that are impacted by a change to one job's salary range. If there are potential conflicts (for example, a series level I that results in exceeding the salary range maximum of the series level II) the request will need to incorporate all levels. If all salary levels cannot be justified in the request, a salary range change will not be allowed. If there are improper job classification issues that arise from this analysis, those issues will need to be resolved prior to any change to a salary range. Classification work by the agency's human resource office will need to take place prior to the adjustment.

- **Governor's Office Approval for Deputy Director or Equivalent Level Jobs**

Approval from the Governor's Office of Management and Budget (GOMB) is required for structure adjustment requests for Deputy Director Level jobs. The salary range of Agency Heads is established according to the salary range of Deputy Directors per Utah State Code 67-22-2. DHRM will evaluate potential impacts that an adjustment to the salary range of a Deputy Director Level job will have to the salary range of Agency Department heads. This analysis will be provided to GOMB and DHRM will not proceed with the structure adjustment process until approval is received.

## Market Indicator Standards for Justifying a Request:

After DHRM has evaluated and cleared a structure adjustment request according to the threshold standards, it will evaluate the request according to selected Market Indicator Standards.

DHRM will use common indicators for structure adjustment requests which will be evaluated on a case by case basis. For justification under the market indicator standard there will be no recommended weighting or formula. Each case will be evaluated on its own to validate trends that might indicate that the salary range is a problem.

In conjunction with the above criteria, DHRM may take into consideration agency business and human resources objectives and initiatives and the mission criticality of the request to adjust the salary range.

DHRM will evaluate the structure adjustment request to determine whether there is justification under the following criteria:

- **Market (primary)** - Indicators showing that the market is paying higher wages than the job and that the salary range is low in the market.
- **Front door** - Indicators showing the job struggles to attract talent because of the salary range.
- **Back door** –Indicators showing the job struggles to retain talent because of the salary range.

The following data indicators are typical examples of data used to justify a structure adjustment request:

<b>Data Indicators</b>			
<b>Front Door/Back Door /Market</b>	<b>Category</b>	<b>Data Indicator</b>	<b>What Might This Indicator Show?</b>
Market	Market	DHRM salary survey including third party surveys	Actual salary data that shows that a job is below the market in pay
Market	Market	Agencies salary survey results from a third party survey that was conducted	Actual salary data that shows that a job is below the market in pay
Front Door	Recruitment	Recruitment Reposting's (manual process)	May indicate that a job is not being filled because of pay
Front Door	Recruitment	Length of Time to Fill	May indicate that the agency is taking longer to fill (longer than average) the position from offers not accepted because of pay

<b>Data Indicators Continued</b>			
Front Door	Recruitment	Offer Declines	May indicate that a job is not being filled because pay is too low
Front Door	Recruitment	Number of Applicants. Trends showing applicant numbers are decreasing.	May indicate that applicants are not applying because the pay is too low
Front Door	Recruitment	Hiring Manager Survey (future process)	Indication that hiring managers are struggling to attract a recent hire or fail to hire because of pay
Front Door	Recruitment	Measurements regarding where in the salary range employees are starting	Indicates agency pressure to bring employees in high within the salary range because the range minimum is not competitive.
Back Door	Retention	Voluntary Turnover Rates over the past 5 years	Indication that employees leave the state to another employer to a similar job with higher pay
Back Door	Retention	Involuntary Turnover Rates over the past 5 years	May indicate a quality hire issue
Back Door	Retention	Job level moves to other agencies	May indicate employee movement to other agencies for a similar higher paying job
Back Door	Retention	Job level moves within the agency	Targets compensation salary range alignment issues within the agency
Back Door	Retention	Rate of Churn (future measure being developed)	Targets early career employees and patterns that might indicate that they are leaving for salary reasons. More long term employees might stay even for low pay
Back Door	Retention	DHRM's Exit Interview	Information from the survey could be used to determine if employees are leaving a job classification for higher pay
Back Door	Retention	Compression within the salary range	Might indicate that agencies have turnover issues related to employees leaving for a higher rate of pay

## **DHRM's Analysis:**

After DHRM has reviewed the structure adjustment request under the threshold and market indicator standard, it will make a determination on whether there is sufficient justification to move the salary range. This section explains the process that DHRM will follow to communicate the results to agency management.

### **Approved Requests:**

Agencies notified that the structure adjustment request is approved by DHRM under the threshold and market indicator standard. The approval will include the details of the implementation plan including the following information:

#### *The New Salary Range:*

- The new salary range will be aligned at a position to the market using existing market data. The final determination will take into account internal alignment factors within the state and the agency as well as budgetary constraints.

#### *The Salary Range Width:*

- When DHRM sets the salary range for an AD/AR level job, it will not be more than 40% above and below the new salary range midpoint.
- When DHRM sets the salary range width for classified jobs it must be consistent with the salary range width of other jobs within the job family.

After agencies have been notified regarding the approved structure adjustment, DHRM will strive to implement it at the beginning of the next pay period. Structure adjustment requests that impact more than five positions will be evaluated in the implementation plan that may target a later effective date.

### **Denied Requests:**

*1 – Request Failed to Meet the Threshold Data Standard:* DHRM will provide the agency with specific information regarding where it failed to meet the threshold data standard (see threshold data standard section) and provide a suggested course of action prior in proceeding with a structure adjustment.

*2- Request Failed to Meet the Market Indicator Standard:* In order for a structure adjustment request to be justified, it must show that there is an indication that the salary range is impeding the agency's ability to attract and retain talent because of market forces. If DHRM's analysis

does not show this, the structure adjustment request will not be allowed. DHRM will provide the agency with specific information regarding where it failed to meet the market indicator standard (see market indicator standard section) and offer additional acceptable resolutions. There are other Human Resources methods outside the scope of the structure adjustment process that may be available to the agency. The structure adjustment process is a compensation tool and must be used to address compensation issues.

# Structure Adjustment Request Form

<b>Agency Name:</b>	<b>Agency Number:</b>
<b>Agency Requestor Name:</b>	<b>Phone #:</b>
<b>Requestor's Job Title:</b>	<b>Date:</b>
<b>Agency HR Contact:</b>	

## Enter Job Information:

<b>Job ID's:</b>
<b>Job Title:</b>

Are there any employees paid at the minimum of the salary range for the requested job(s)? Yes

Are the requested job(s) cross agency? Do other agencies share the requested job(s)? Yes

Are the incumbents that reside in the requested job(s) in the schedule codes of AD or AR? Yes

Is the incumbent in the requested job(s) an Agency Deputy Director? Yes

Do you pay your employees in the requested job(s) at the maximum of the salary range in order to attract and retain talent? Yes

**Market Indicator Section:** Use the section below to mark the boxes and to provide supporting information for the types of indicators that you have used to justify why the salary range for the above listed title (s) needs to be adjusted in order for you to attract and retain talent.

**Market:**

**How do you know that the market is paying more in salary than the requested job(s)?**

- DHRM market survey including third party surveys etc.
- Agency survey results from a third party survey that was conducted.
- Other

**Supporting Information:**

**Front Door/Recruitment Data:**

**How do you know you are struggling to attract talent because of the restrictions on the salary range maximum for the requested job(s)?**

**Recruitment re-postings**

- Longer than average length of time to fill a position
- Offer declines because of low salary
- Lower than expected number of applicants on recruitments
- Data from potential applicants that did not apply for a position because of pay
- Business necessity to start an employee at the maximum of the salary range
- Other

**Supporting Information:**

**Backdoor/Retention Data:**

**How do you know you are struggling to retain talent because of the restrictions on the salary range maximum for the requested job(s)?**

- Voluntary turnover – Qualified employees voluntarily leaving for higher pay
- Involuntary turnover- Unqualified/Low performing employees being separated
- Rate of Churn – Early Career employees (less than five years) leaving the organization
- DHRM exit interview data – Information regarding employees leaving for pay
- Other

**Supporting Information:**

**Please Provide Additional Supporting Information to Justify this Request:**

Agency Requestor Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Agency HR Director Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Executive Director Signature: \_\_\_\_\_

Date: \_\_\_\_\_

GOMB Approval (if Needed): \_\_\_\_\_

Date: \_\_\_\_\_

**Note:** Please attach any supporting documents you might have.