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GENERAL CIRCULAR NUMBER 2025-034

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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 State Civil Service Rule 6.32, in order to maintain market competitiveness, eligible classified employees shall be granted market adjustments effective July 15, 2025.

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

[Market Adjustment Eligibility Requirements](#)

A classified employee shall meet the following criteria order to be eligible for a market adjustment payment:

- Employed in a classified appointment, other than WAE, six months prior to the disbursement date (January 15, 2025)
- Employed in a classified appointment, other than WAE, on the disbursement date (July 15, 2025)
- Did not receive a “Needs Improvement/Unsuccessful” rating on the official PES rating effective from the prior performance year (rating effective July 1, 2024). The ratings rendered during the transition rating period in December 2024 are **not** to be considered for the July 15, 2025 payment eligibility.
- Salary is below pay grade maximum on the effective date of disbursement (July 15, 2025)

[Market Adjustment Percentages](#)

Per SCS Rule 6.32(b), the base pay adjustments shall be 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 Adjustment Disbursement Date](#)

Any pay changes that occur on an employee prior to the market adjustment disbursement date 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.

[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 agency human resources staff, regardless of the HRIS utilized. Since HR Portal access is restricted to only human resources staff, classified state employees with inquiries about their personal market adjustment pay amounts should contact their agency human resources department.

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 SCS Rule. 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 is available to create “Market Adjustment” Basic Pay records for large groupings of eligible employees.

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.**

[Entry 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. The ZP258 Market Adjustment Utility will NOT process these employees.

[Documentation and Reporting Requirements](#)

For documentation purposes, the Compliance and Audit Division will be checking for appointing authority approval and certification for compliance for all employees who 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 affecting 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 calculations, please contact your agency’s Human Resources office. For LaGov HCM entry-related questions, please contact the Applications & Data Management Division at SCS-AppData@la.gov.

Sincerely,

s/Byron P. Decoteau
State Civil Service Director