(1) Terms and Definitions:

For the purposes of this Rule, the following terms and definitions apply in addition to those in 478-1-.02 (Terms and Definitions):

(a) “Standard hours” in a pay period means the number of hours worked times the number of days worked based on an eight hour day, forty-hour week, Monday through Friday schedule.

(b) “Scheduled hours” per pay period means the number of hours an employee is scheduled to work during the monthly or semi-monthly pay period. If an employee works other than eight hours per day or on days other than that which establish the standard, the scheduled hours may vary from the standard hours per pay period.

(c) “Hours” are calculated and reported in whole hours and decimal fractions of hours.

(2) In Pay Status:

An employee is considered to be in pay status for regularly scheduled work hours except when on leave without pay or when suspended without pay, and will be paid only for hours actually on duty or for properly authorized paid leave or compensatory time. Salary payments are either made on a monthly or semi-monthly basis.

(a) An employee beginning a new period of state employment is considered as being hired on the day the employee actually reports for work.

(b) When an employee transfers from one agency to another on the last scheduled work day of a pay period, the losing agency will be responsible for the employee through the end of the pay period and any holidays that occur during that pay period. The receiving agency will be responsible for the employee at the beginning of the next pay period and for any holidays that occur during that pay period.

(c) When an employee transfers from one agency to another at any time other than the last scheduled work day of a pay period, the losing agency will be responsible for a holiday that is observed on the calendar day following the employee’s last scheduled work day at that agency. The receiving agency will be responsible for a holiday that falls on any other calendar day prior to the employee’s reporting for duty at that agency.

(3) Reporting Hours in Pay Status:
The standard number of hours in the pay period will be reported. Hours are calculated and reported in whole hours and quarter fractions of hours. Pay for hourly employees should be reported in hours worked.

(a) Hours of pay to be docked should be reported separately. If an agency uses an independent payroll provider, it may disregard this paragraph.

(4) Calculating Salary Payments:

Any method of calculating salary payments that is not in accordance with the provisions of this Rule must be submitted in advance to the Commissioner for consideration and approval.

(a) Paid Monthly: If salary payments are made on a monthly basis, the pay period will consist of 160, 168, 176, or 184 hours, depending on the number of standard hours in the pay period. (For example, a month with 28 days has a pay period of 160 hours; 28 days = four weeks; four weeks x 40 = 160.)

(b) Paid Semi-Monthly: If salary payments are made on a semi-monthly basis, the first pay period is from the first through the fifteenth of the month and the second is from the sixteenth through the last day of the month. Each pay period will consist of 72, 80, 88, or 96 hours, depending on the number of standard hours in the pay period. One-half of a monthly salary will be considered as earned for each semi-monthly pay period.

(c) Transfer: If an employee transfers to a different agency during a month, both the losing agency and the receiving agency will calculate the employee’s pay for that month on a semi-monthly basis.

(d) In Pay Status Less than Full Month: A salaried employee who is in pay status less than a full pay period should be paid as follows:

1. Determine the value of one hour of pay by dividing the pay period salary by the scheduled hours for the pay period; then

2. Determine the amount to be paid by multiplying the number of hours actually worked by the value of one hour.

   (i) For example, an employee is paid $3,000 monthly and a particular month has 28 Days (160 hours). The employee is in pay status for one-half (14 days or 80 hours) of the month. To determine the amount the employee should be
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paid, divide the employee’s total pay period or monthly salary ($3,000) by total scheduled or monthly hours (160) to determine an hourly rate ($18.75), then multiply the number of hours the employee actually worked (80) by the employee’s hourly rate ($18.75), to reach a sum of $1,500.

(e) Exceptions: Agencies using independent payroll systems as of July 1, 1999 may elect to use then existing methods of calculating and reporting salary payments until those systems are modified or replaced.

(5) Salary Adjustments:

An agency may adjust the salary of an employee who meets or exceeds performance expectations to a higher salary, when the adjustment is necessary to meet agency objectives. However, a salary adjustment may not exceed the maximum of the pay range applicable to the job to which the employee’s position is assigned, unless authorized by specific Rule.

(a) Salary Upon Promotion: When an employee is promoted, the employee’s salary should be raised to any salary in the new pay range that provides an increase of at least 5%, with the following exceptions:

1. The employee’s new salary may not be less than the pay range minimum or more than the pay range maximum for the new job.

2. The employee may voluntarily agree in writing to accept a lower salary, provided that the salary is not below the pay range minimum. (The written agreement should be maintained in the employee’s personnel file.)

3. An employee whose salary is above the pay range for the employee’s current job is only eligible for an increase of up to the maximum of the new range.

(b) Salary Upon Demotion: When an employee is demoted, the employee’s salary may be set at any salary in the new pay range that is not higher than the salary received prior to the demotion. The new salary may not be less than the pay range minimum or more than the pay range maximum for the new job. If an employee is demoted to a position at a different agency, the employee is not eligible for a salary increase for six months after the demotion, other than those approved by the General Assembly, and is then only eligible after a performance evaluation in the new position for which the employee received a “meets expectations” rating or higher.
(c) Salary Upon Lateral Transfer: When an employee is transferred to another agency, the employee’s base salary must be the same as the base salary prior to transfer, which may not be less than the pay range minimum for the new job. Transferred employees are not eligible for increases to base salary during their first six months in the new job other than those approved by the General Assembly. Additionally, an employee who transfers to another agency is only eligible for an increase after a performance evaluation in the new position for which a “meets expectations” rating or higher is received.

(d) Criteria Based Adjustments: An agency may develop and implement plan(s) to provide salary adjustments to employees who meet established criteria. The plan(s) must specify the established criteria for eligibility and the amount of adjustment that will be awarded to each employee who meets the specified criteria. Any salary adjusted under the provisions of this Rule may not exceed the maximum of the pay range. Any salary adjustment plan developed under this section is subject to audit by the Commissioner and the Commissioner may require the plan to be discontinued.

(e) Salary Upon Job Reassignment: When a new or different pay range is applicable to a job, the salary of employees in positions assigned to that job on the effective date of the reassignment may not be decreased. A salary increase may be authorized by the agency if the increased salary is not above the maximum salary for the new pay range.

(6) Performance-Based Salary Increases:

Every employee is eligible for a salary increase based on performance that meets or exceeds minimum criteria established by the employee’s agency. The Commissioner will determine, in accordance with the intent and appropriations of the General Assembly, when increases will be available to employees and how the increases will be applied to employees’ base salary.

(a) The State Personnel Board will adopt policies to establish the following:

1. How the amount of increase to be made available to qualifying employees will be determined;

2. The date each qualifying employee will be eligible to receive a performance-based salary increase;
3. The relationship between a performance evaluation and a performance-based salary increase; and

4. A procedure to provide an opportunity for an employee to request reconsideration of an evaluation that does not qualify the employee for a performance-based salary increase.

(b) Performance-based salary increase may not exceed the pay range maximum applicable to the job to which the employee’s position is assigned, unless authorized by Rule.

(7) Salary Reductions:

A salary reduction is a decrease in an employee’s salary without a change in the employee’s job or pay range. Salary reductions may be made for disciplinary purposes, for the purpose of conserving funds or may be agreed to by employees on a voluntary basis. If salaries are to be reduced on a voluntary basis, there must be a written agreement with each employee, which should be kept in the employee’s personnel file.

(8) Restoration of Salary Reductions:

An employee whose salary has been reduced for disciplinary purposes or on a voluntary basis retains eligibility for the salary received prior to the reduction. The agency may restore the salary effective the first day of any pay period following the reduction.

(9) Conditional Pay Supplements:

An agency may develop and implement plan(s) to provide conditional pay supplements to employees who meet established criteria (e.g., attaining a certain certification, performing additional duties, etc.). Such plans are subject to approval by the Commissioner and Director of the Office of Planning and Budget.

(a) Conditional pay supplements provide additional compensation to all eligible employees and should be discontinued whenever the qualifying conditions no longer apply. These plans are part of the Addendum to the Compensation Plan. They do not:

1. Change base salary;

2. Provide a basis for the computation of salary increases;

3. Affect eligibility for salary increases; or
4. Provide a basis for the computation of pay upon promotion, demotion, transfer, reappointment, or terminal leave.

(b) An employee may be awarded multiple conditional pay supplements, according to agency policy. Any agency may discontinue payment of conditional pay supplements when fiscal needs dictate, provided the discontinuance is handled in a fair and equitable manner.

(10) County Supplements:

Counties may provide supplemental payments to their employees.

(a) For example:

1. County departments of family and children services may supplement salaries of employees from county funds, subject to the approval of the Commissioner of the Department of Human Resources or the Commissioner’s designee.

2. County boards of health may supplement salaries of employees from county funds, subject to the approval of the appropriate District Health Director.

(b) All county supplements to salaries must be in accordance with a plan providing for similar treatment of employees in the same job, taking into account such factors as length of service, status, and service rating, and should be included on the regular payroll of each agency. The Commissioner may require any of these supplements to be discontinued.

(c) Such supplemental payments do not:

1. Change base salary;

2. Provide a basis for the computation of salary increases;

3. Affect eligibility for salary increases;

4. Provide a basis for the computation of pay upon promotion, demotion transfer, reappointment, or terminal leave; or

5. Constitute earnable compensation for retirement benefits.
Authority:

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