

**POLICY
MEMORANDUM**

MISSISSIPPI STATE PERSONNEL BOARD

Policy Memorandum No. 2 - FY 1997

TO: Elected Officials, Agency Directors and Personnel
Officers State Service Agencies

FROM: J.K. Stringer, Jr.
State Personnel Director

DATE: April 12, 1996

**SUBJECT: ADMINISTRATION OF THE VARIABLE COMPENSATION
PLAN FOR FISCAL YEAR 1997**

A. Statement of Purpose

Administration of the Variable Compensation Plan for Fiscal Year 1997 shall be governed by policies and procedures in this memorandum. These provisions shall supercede all conflicting policies and procedures for administration of salaries published in Mississippi State Personnel Board Policy and Procedures Manual, any additional or replacement manuals, and all subsequent changes to the manual, effective close of business June 30, 1996, and shall become an official attachment to the Mississippi SPB Policy and Procedures Manual for Fiscal Year 1997.

The statutory increase or decrease of any employee's salary statutorily under the salary setting authority of the State Personnel Board shall comply with the policies below, except where the Legislature may otherwise provide, and except that salary policies for specific upper level employment positions shall be set forth separately in the Policy Memorandum No. 4, *Executive Service Policy and Procedures for Fiscal Year 1997*.

The development of the following policies is based upon implementation of legislative intent as expressed in the following language contained in each state service agency's appropriation act:

From the funds provided in the budget category "Personal Services: Salaries, Wages and Fringe Benefits," funds may be expended for the following purposes, in compliance with policies established by the State Personnel Board and any conditions placed on such expenditures:

- (a) The components of the Variable Compensation Plan shall be maintained within the constraints of the funds appropriated herein.

- (b) No funds provided herein shall be expended within the In-service (COLA), Longevity, Productivity, Upward Reallocation or Realignment Components of the Variable Compensation Plan, except as specified herein.
- (c) In those cases where the State Personnel Board determines that a bona fide staffing need exists, funds may be expended for upward reallocations and realignments but only written certification by the agency director and the State Fiscal Officer that adequate funds are available.
- (d) Pursuant to policies established by the State Personnel Board, agency heads may, on a case by case basis and from within funds available, recommend equity salary adjustments. Such adjustments shall not be retroactive and may be made when an employee with greater or equal continuous state service experience and qualifications is being paid less than an employee working in the same job classification within the same agency.
- (e) It is the agency's responsibility to make certain that funds required to be appropriated for Personal Service for FY 98 do not exceed FY 97 funds appropriated for that purpose unless programs and/or positions are added to the agency's budget by the Mississippi Legislature.

B. Coverage of These Policies

- 1. These policies shall govern employee salary increases and position changes for:
 - a. State service employees and positions, and
 - b. Non-state service employees and positions excluded from the state service by Miss. Code Ann. Sec. 25-9-107© but subject to State Personnel Board salary-setting authority as listed below:
 - (1) Part-time employees and positions [Refer, Miss. Code Ann. Sec. 25-9-107(c)(xi)];
 - (2) Persons appointed on an emergency basis [Refer, Miss. Code Ann. Sec. 25-9-107(c)(xii)];
 - (3) Time-limited employees and positions [Refer, Miss. Code Ann. Sec. 25-9-107(c)(xiv)];
 - (4) Administrative officers, deputies, bureau chiefs, and directors and their positions [Refer, Miss. Code Ann. Sec. 25-9-107(c)(xvi)].
- 2. Those upper level employment positions specifically designated for inclusion in the Executive Service shall have their salaries governed in Policy Memorandum No. 4, Executive Service Policy and Procedures for Fiscal Year 1997.

3. Agencies or positions with statutory exclusion (not under the salary setting authority of the State Personnel Board and not subject to the compensation policies in this memorandum) are listed below:
 - a. Non-state service agencies [Refer, Miss. Code Ann. Sec. 25-9-107(c)(i)(ii)(iii)(iv)(vii)(viii)(xvii)] and
 - b. Non-state service occupations [Refer, Miss. Code Ann. Sec. 25-9-107(c)(v)(vi)(ix)(xiii)].
4. Salaries set by statute (including the Omnibus Pay Bill) shall be implemented strictly in accordance with legislative intent [Refer, Miss. Code Ann. Sec. 25-3-33, and Sec. 25-3-35].

C. Policy Provisions for Implementation of Legislative Intent

1. In-Service (COLA)

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 1997.

2. Longevity

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 1997.

3. Productivity

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 1997.

4. Reallocations

- a. Those reallocations which were appropriated in the agency's appropriations act for Fiscal Year 1997 must be submitted by the agency to the SPB prior to July 1, 1996. Each agency shall provide to the SPB the following documentation:
 - (1) An appropriate copy of the agency's appropriations bill authorizing the reallocation(s);
 - (2) For filled positions, an Experience and Training Record (either an original or a copy initialed by the Personnel Director) completed and signed by the incumbent with the most current, original Position-Employee-Profile (PEP) Form stapled to the front.
- b. Those reallocations which were recommended in the Fiscal Year 1997 Budget Request but not appropriated for Fiscal Year 1997 may be

submitted by the agency to the SPB, at the discretion of the appointing authority, on or after July 1, 1996, in accordance with the following policies:

- (1) Each request shall be accompanied by a Funds Availability Form completed and signed by the agency head. (Attached form may be duplicated by the agency as necessary.
 - (2) A statement identifying the positions recommended by the State Personnel Board for reallocation which the agency intends to implement in Fiscal Year 1997 that were not specifically funded in the agency's appropriations act must be included. This statement shall list positions by PIN number, the current OCCU number and title, and the OCCU number and title to which the reallocation was authorized.
 - (3) For filled positions, an Experience and Training Record (either an original or a copy initialed by the Personnel Director) completed and signed by the incumbent must be included, with the most current, original Position-Employee-Profile (PEP) Form stapled to the front.
- c. For positions requiring written and/or proficiency examinations, individuals meeting the experience and training requirements as reflected in the Experience and Training Record submitted will be scheduled for their examinations by the State Personnel Board on an as needed basis. Only those individuals achieving a passing score will be reallocated.
 - d. For filled positions not requiring written and/or proficiency examinations, only those individuals meeting the minimum qualifications as reflected in the Experience and Training Record submitted will be reallocated.
 - e. In those cases where individuals do not meet the minimum qualifications or achieve a passing score on their examination (if applicable) for the job classification to which the position is to be reallocated, agencies must resubmit the requested reallocation in their Fiscal Year 1998 Budget Request, if such reallocation is still required.
 - f. Position-Employee-Profile (PEP) Forms shall be prepared and completed in accordance with the Mississippi SPB Policy and Procedures Manual, i.e., "Reallocation" shall be written at the top of the Position-Employee-Profile (PEP) Form, FLSA class shall be lined through and rewritten, occu class number and title amended, and form properly signed and dated.
 - g. Reallocations not submitted in accordance with these provisions shall be returned without action.

5. Job Class Realignment

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 1997.

6. Equity Salary Adjustments

Agency head may, on a case by case basis and from within funds available, recommended equity salary adjustments. Such requests shall be reviewed by the State Personnel Board and shall meet the following criteria:

- a. The employee under consideration has greater or equal continuous state service experience and qualifications and is being paid less than an employee in the same job classification within the same agency.
- b. Requests for equity salary adjustments shall not be retroactive.
- c. No equity salary adjustments shall be made when pay discrepancies result from Recruitment Flex, Demotions, or Education Benchmarks.
- d. No equity salary adjustments shall be made when pay discrepancies resulted from events occurring prior to the establishment of the State Personnel Board.
- e. The agency must provide the SPB with a complete letter of justification, accounting for all salary increases for the employees in question since date of hire.

7. No increase to Appropriated Personal Services Requirements

It is the agency's responsibility to make certain that funds required to be appropriated for Personal Services for FY 98 do not exceed FY 97 funds appropriated for that purpose unless programs and/or positions are added to the agency's budget by the Mississippi Legislature.

D. Scope of State Personnel Director's Authority

1. Requests for State Personnel Board Action

All requests for State Personnel Board action under the Variable Compensation Plan Policy Memorandum No. 2 - Fiscal Year 1997 shall cite the section of the policy memorandum which authorizes such requests and action by the State Personnel Board. The State Personnel Director shall implement only those salary increases provided for in the appropriation bills for Fiscal Year 1997, which are identified in Section C above, and which are appropriately submitted.

2. Fiscal Year 1997 Promotional Formula

The Fiscal Year 1997 Promotional Formula shall be applied for promotions, as well as promotional transfers, upward reallocations, upward reclassifications, and realignments as directed below. The promotional formula is utilized for the purpose of calculating the promotional max step. **The actual award up to the max step is at the discretion of the agency head.** The promotional max step is the maximum that may be awarded. In addition to budgetary considerations, the determination of the step to be awarded should be based on sound personnel management principles, with due consideration given to the impact of the salary award on other employees within the agency. The authorized salary for promotion to a vacant position is determined under the following provisions:

- a. When the current pay step is greater than the old start step, the PRO MAX is equal to the difference between the current pay step and the old start step added to the new start step:

EXAMPLE

Current Pay Step:	150
Old Start Step:	138
New Start Step:	168

$150 - 138 = 12;$
 $12 + 168 = \underline{180}$ PRO MAX

- b. When the current pay step is less than or equal to the old start step PRO MAX is equal to the start step of the new position.
- c. When the promotional increase authorized under the promotional formula is less than ten (10) steps above the employee's salary step before promotional, a 10-step increase may be authorized.
- d. Where the promotional increase authorized under the promotional formula is less than the salary which could be authorized for a new hire (twenty steps above start), promotional flex may be awarded under the same criteria which is set forth under the provisions for "New Hire Flexibility", Section D.5.b.
- e. In no case will the promotional maximum step (PRO MAX) exceed the end step of the classification to which promoted.
- f. For realignments, maximum eligibility shall be the difference between the old and new start steps.

3. Limitations on Non-Budgeted Reallocations and Realignment

All requests for reallocation and realignment must be justified and submitted by the

requesting agency as outlined in the Mississippi SPB Policy and Procedures Manual for approval by the State Personnel Director.

Agencies with misclassified positions shall include requests for reallocation **in their Fiscal Year 1998 Budget Request**. However, each agency head shall have the opportunity to document the need for a non-budgeted reallocation/realignment

by demonstrating that a bona fide staffing need exists which cannot be adequately addressed through normal budget procedures. The State Personnel Board may authorize upward reallocations or realignments necessary to fill a staffing need only upon written certification by the agency head and the State Fiscal Officer that adequate funds are available. Some examples of a bona fide staffing need include:

- ** result in the adverse interruption of direct patient care in agencies providing health care services; or
- ** result in definite loss of special funds; or
- ** result in immediate adverse legal consequences for the agency involved; or
- ** result in the serious disruption of the operations of any state agency or impede the delivery of essential services to the public by said agency.

a. Non-Budgeted Upward Reallocations

The State Personnel Director shall evaluate the requested classification and the effect of delayed implementation and shall make recommendations to the State Personnel Board as to the action to be taken on the request. The State Personnel Director may approve a request for an upward reallocation which is vacant or has: a Start Step of 215 or less; or a Start Step Differential between the two classes of thirty (30) steps or less and the new start step is 355 or less. However, the State Personnel Director shall make recommendations to the State Personnel Board as to the action to be taken when a request for an upward reallocation of a **filled** position has a Start Step Differential of more than thirty (30) steps or the new start step is greater than Step 355.

b. Lateral Reallocations

The authorized salary for the lateral reallocation of a filled position is no more than the current step before the reallocation.

c. Downward Reallocations

All downward reallocations must be justified and submitted by the requested agency in accordance with State Personnel Board policies and procedures.

The salary authorized for the downward reallocation of a **filled** position is determined by the following method:

- (1) The authorized salary for any downward reallocation shall be no greater than the same number of steps above start step as the current step in the current pay range; however, at agency head discretion, the authorized salary may be reduced to a lower step within the new job class pay range to insure equitable

compensation with other employees in the same classification. A written acknowledgment signed by the affected employee shall accompany all downward reallocations.

EXAMPLE

Current Pay Step: 150
Current Position Start Step: 138
New Position Start Step: 128

$150 - 138 = 12;$
 $12 + 128 = \underline{140}$ PRO MAX

- (2) In extraordinary circumstances, the agency may request the State Personnel Director to allow the employee to remain at his/her current step as long as the current step does not exceed the end step of the new classification.

d. Non-Budgeted Realignment

Except as provided for in Section C.5. above, the State Personnel Board in its sole and absolute discretion on a case by case basis, may approve realignments only if a bona fide and verifiable staffing crisis has arisen due to a substantial increase in salaries in the relevant labor market for the subject job class. In such instances, the agency must provide salary survey data compiled from an acceptable relevant labor market and must justify that delayed implementation of the regular realignment would seriously threaten critical agency services.

Generally, only those job classifications which are specific to the requesting agency will be considered for non-budgeted realignment. However, realignment of generic classes will be considered in the case of extraordinary circumstances, such as court-ordered or legislatively mandated realignment occurring outside the normal budget cycle.

4. Reclassifications

In certain limited circumstances, agency heads may be granted authority by the State Personnel Board to reclassify positions with a class series. Reclassification of an employee from Correctional Officer Trainee to Correctional Officer I after six months training or from Academic Teacher I to Academic Teacher II with acquisition of AA certification illustrates this type of authorization. Reclassification authority removes the requirement that each individual reclassification transaction be separately justified. This authority shall expire at the end of each fiscal year unless continuation is adequately justified. Each year on a date prior to fiscal year conversion, the State Personnel Board allows each agency to submit requests for changes to, or continuation of, their authorized schedule of reclassifications. Only reclassifications of classes which are on an agency's authorized reclassification list

shall be implemented.

5. Original Appointments

a. Standard New Hire Salary

The authorized salary for a new hire after June 30, 1996, is at or below the salary rate of the start step assigned the class in which employed; however, at no time will a new employee be hired below the federally mandated minimum wage of \$4.25 per hour or step (68). At the agency head's discretion, a request to increase an employee's salary to the start step may be submitted at any time.

b. New Hire Flexibility

New Hire Flexibility may be awarded when the education, experience, or professional certification possessed by the applicant at the time of appointment, to State employment, exceeds the minimum requirements for the job classification to which appointed.

Agency heads may request to the State Personnel Director on a case by case basis the award of New Hire Flexibility. The justification that accompanies each individual request to apply New Hire Flexibility should specifically address why it is of greater value for the agency to employ persons with experience, education, or professional certification which exceeds the minimum qualifications of the job classification, along with a synopsis of the extraordinary qualifications of the candidate in relation to the minimum qualifications of the classification. Agencies should also include their methodology for determining the award of New Hire Flexibility.

New Hire Flexibility shall be computed and awarded using the methodology outlines below or the methodology submitted by the agency, not to exceed the maximums outlined in the criteria below:

- (1) Additional directly related experience of at least one year is valued up to a maximum of ten (10) steps (5%); and/or

Additional directly related education of at least one year are valued up to a maximum of ten (10) steps (5%); and/or

Professional certification directly related, but in excess of any certification required in the minimum requirements of the job classification, is valued up to a maximum of ten (10) steps (5%) but shall not be greater than the amount which can be awarded under the provisions for Educational Benchmarks as outlined in Section D.8.

- (2) The total cumulative New Hire Flexibility award for any combination of experience, education, or certification shall not exceed twenty (20) steps (10%).
- (3) Requests for New Hire Flexibility must be forwarded to the State Personnel Board with a Position-Employee-Profile form completed in accordance with The Mississippi SPB Policy and Procedures Manual and accompanied by a fully completed copy of the Funds Certification.
- (4) No New Hire Flexibility award shall be approved after the employee has worked over twelve (12) months.
- (5) New Hire Flexibility awards will not be approved in conjunction with job classifications authorized for Recruitment Flexibility.

c. Recruitment Flexibility

All requests to recruit applicants at a salary exceeding the assigned start step are to be submitted for State Personnel Board approval prior to a job offer or an appointment of an applicant. Such a request shall be accompanied by a letter of justification from the agency head describing documented recruitment difficulties experienced by the agency.

The recruitment difficulties recognized by the Board may include but not be limited to:

- (1) documented recruitment difficulties for a job class which may be attributed to the established minimum or special qualifications of a job, and/or;
- (2) insufficient labor market availability of qualified applicants and/or, availability of a limited applicant pool complicated by a salary range for the job which is not competitive with the relevant labor market.

Misclassification of a position shall not be used as the basis for a recruitment flexibility request.

6. Special Compensation Plans

Authorization to implement special compensation plans during Fiscal Year 1997 shall be limited. Only special compensation plans reviewed prior to the start of Fiscal Year 1997 and approved by the State Personnel Board for implementation or continuation during the fiscal year shall be certified.

7. Additional Compensation

Certification of additional compensation shall be limited to those forms of additional compensation previously approved by the State Personnel Board with the exception of call-back/overtime pay and any other form of compensation that may be subject to the Fair Labor Standards Act during Fiscal Year 1997. The State Personnel Board shall consider other requests for additional compensation where the request is justified by demonstrating that delayed implementation would seriously impair critical agency operations. The State Personnel Director shall not consider new requests to undertake additional compensation not currently authorized except as a bona fide staffing need or as part of the Fiscal Year 1998 budget request.

8. Educational Benchmark

The State Personnel Director is authorized to certify requests to award Educational Benchmark increases on a case by case basis. To be eligible for an Educational Benchmark salary increase, an employee must complete requirements which exceed the level of minimum qualifications for education, licensure, or certification listed for the employee's present job class which the employee possessed at the time of appointment into his or her present job class. Generally, seminar courses and achievement recognition certificates do not qualify under this section. **Educational Benchmark awards are restricted to one (1) year from the date the incumbent acquired certification, completed degree requirements, or attained licensure.** Except that an employee who has received a Certificate in Supervisory Management (CSM) through the State sponsored Certified Public Manager (CPM) program may be eligible for an educational benchmark award at agency head discretion, subsequent to a lapse of the one (1) year time period. However, in no case shall a monetary award be retroactive.

DEGREES

Increases in increments of up to ten (10) steps **may** be awarded to employees obtaining the following degrees: Associate's, Bachelor's (in no case shall the cumulative award for the achievement of an Associate's Degree and a Bachelor's Degree exceed ten (10) steps), Masters, Specialist and Doctoral.

LICENSURE/CERTIFICATION/REGISTRATION

Increases of up to ten (10) steps **may** be awarded to employees acquiring licensure, certification, or registration **directly related** to their jobs. The following scale shall be used when determining the number of steps to be awarded:

Number of Steps	=	Requirements for Licensure/ Certification/Registration
4 step increase	=	Test only;
6 step increase	=	Test and less than 15 credit hours of course work
8 step increase	=	Test and Associate's Degree or
	=	Test and from 15 to 29 credit hours of course work

10 step increase = Test and Bachelor's Degree or
= Test and 30 or more credit hours of course work

Notes: Three credit hours equals forty man-hours.

Program must require a test. A test is defined as any pass/fail measure of applied knowledge.

CERTIFIED PUBLIC MANAGER (CPM) PROGRAM:

4 step increase = Certificate in Supervisory Management (CSM)
6 step increase = Completion of Certified Public Manager (CPM) Program

Note: In no case will the total award exceed 10 steps.

No Educational Benchmark shall be awarded for degrees, licensure, certification or registration which the incumbent possessed at the time of hire.

If the employee being awarded an Educational Benchmark is currently at end step of his or her classification, or should the benchmark cause an employee's salary to exceed end step, that portion of the benchmark exceeding end step shall be paid as a one-time lump-sum payment. Any new hire flexibility, recruitment flexibility, or other discretionary compensation awarded for on in anticipation of future educational achievement, licensure, or certification shall not result in a subsequent award of an Educational Benchmark for the same achievement.

An employee who did not receive an Educational Benchmark increase for initial attainment of a certification may receive a one-time increase upon attainment of recertification. Requests shall be submitted in accordance with procedures outlined in the Mississippi SPB Policy and Procedures Manual.

9. Transfers

a. Promotional Transfers

The authorized salary for a promotional transfer is determined under provisions governing the Fiscal Year 1997 Promotional Formula, Section D.2.

b. Lateral Transfers

The authorized salary for a lateral transfer is no more than the current step before the transfer.

c. Demotional Transfers

The authorized salary for any demotional transfer shall be no greater than the same number of steps above start step as the current step in the current pay range; however, at agency head discretion, the authorized salary may be reduced to a lower step within the new job class pay range to insure equitable compensation with other

employees in the same classification.

EXAMPLE

Current Pay Step: 150
Old Start Step: 138
New Start Step: 128

$150 - 138 = 12;$
 $12 + 128 = \mathbf{140}$

- (1) A written agreement signed by the affected employee shall accompany voluntary demotions.
- (2) A written acknowledgment signed by the affected employee, or a statement from the appointing authority or his/her designee certifying that the employee has been notified of the demotion, shall accompany in-voluntary demotions.

If an employee who has been promoted for a lower job class to a higher job class is demoted back into the same lower job class within twenty-four (24) months, the employee shall return to his/her salary step before the promotion.

In extraordinary circumstances, the agency may request the State Personnel Director to allow the employee to remain at his/her current step, as long as the current step does not exceed the end step of the new classification.

10. Salary Increases Which Exceed the Agency Head

Requests for salary increases which exceed the agency head's salary must be presented in advance for approval by the State Personnel Board.

11. Reappointments for Employees Returning From an Authorized Leave of Absence Without Pay

- a. The authorized salary for an individual returning from an authorized leave of absence to the same job class from which the individual was separated and **within twelve (12) months of separation** is no more than the current step at the time of the separation, except as may be adjusted by a salary increase authorized by the Legislature, whichever is greatest.
- b. In no case will the authorized salary exceed the end step of the job class of the position to which the employee is reappointed.

12. Reemployment for Employees Returning to State Service After Separation in Good Standing

- a. The authorized salary for an individual returning to state service

employment **within the same job class from which the individual was separated and within twelve (12) months of separation**, but not within the same job class or after 12 months of separation, is determined under provisions for "Original Appointments," Section D.5., without regard to the initial reasons for separation.

E. Performance Appraisal System Requirements

1. Each agency shall have an employee performance appraisal system in place. All state service employees, and non-state service employees whose positions fall under the purview of the State Personnel Board's salary setting authority [Refer to Section B.1.b herein] shall be covered under performance appraisal policies certified by the State Personnel Board.

2. An employee performance appraisal system shall be incorporated in all aspects of personnel administration. The performance appraisal process shall be maintained for each employee on a continuous basis throughout each year. A current performance appraisal rating shall be on file and be provided with, or submitted prior to requests for processing personnel actions.