Policy Memorandum No. 2 - FY 2004
Revised March 18, 2004

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

FROM: John L. Mulholland,
Acting State Personnel Director

DATE: April 17, 2003

SUBJECT: ADMINISTRATION OF THE VARIABLE COMPENSATION PLAN FOR FISCAL YEAR 2004

A. Statement of Purpose

Administration of the Variable Compensation Plan for Fiscal Year 2004 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 the 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, 2003, and shall become an official attachment to the Mississippi SPB Policy and Procedures Manual for Fiscal Year 2004.

The statutory increase or decrease of any salary under the salary setting authority of the State Personnel Board shall comply with the policies below, except where the Legislature may otherwise provide.

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:

With the funds herein appropriated, it is the intention of the Legislature that it shall be the agency’s responsibility to make certain that funds required to be appropriated for "Personal Services" for Fiscal Year 2005 do not exceed Fiscal Year 2004 funds appropriated for that purpose, unless programs or positions are added to the agency’s Fiscal Year 2005 budget by the Mississippi Legislature. Based on data provided by the Legislative Budget Office, the State Personnel Board shall determine and publish the projected annual cost to fully fund all appropriated positions in compliance with the provisions of this act. It shall be the responsibility of the agency head to insure that no single personnel action increases this projected annual cost and/or the Fiscal Year 2004 appropriation for "Personal Services" when annualized. If, at the end of
any calendar month, the State Personnel Board determines that the agency has taken action(s) which would cause the agency to exceed this projected annual cost or the Fiscal Year 2004 "Personal Services" appropriated level, when annualized, then only those actions which reduce the projected annual cost and/or the appropriation requirement will be processed by the State Personnel Board until such time as the requirements of this provision are met.

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 Mississippi Code of 1972, Annotated, Section 25-9-107(c) but subject to State Personnel Board salary setting authority as listed below:

   (1) Part-time employees and positions [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c)(xi)];

   (2) Persons appointed on an emergency basis [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c)(xii)];

   (3) Time-limited employees and positions [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c)(xiv)];

   (4) Administrative heads appointed by the Governor, board, commission or other authority, unless otherwise fixed by statute [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c)(xv)]; and

   (5) Administrative officers, deputies, bureau chiefs, and directors and their positions [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c)(xvi)]; and

   (6) Personnel employed by the Mississippi Department of Wildlife, Fisheries and Parks as law enforcement trainees (cadets).

2. Agencies or positions with statutory exclusion (not under the salary setting authority of the State Personnel Board and not subject to the compensation policies of this memorandum) are listed below:

b. Non-state service occupations [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c) (v) (vi) (ix) (xiii)];

c. Non-state service positions of associate director, deputy directors and bureau directors within the Department of Agriculture and Commerce [Refer, Mississippi Code of 1972, Annotated, Section 25-9-107(c)(xix)];

d. Non-state service positions of deputy superintendents, associate superintendents and divisional directors within the State Department of Education [Refer, Mississippi Code of 1972, Annotated, Section 37-3-13(2)]; and

e. Non-state service positions of associate directors, deputy directors and bureau directors within the Mississippi Development Authority [Refer, Mississippi Code of 1972, Annotated, Section 57-1-5(3)(c)(xi)].

3. Salaries set by statute shall be implemented strictly in accordance with legislative intent [Refer, Mississippi Code of 1972, Annotated, Sections 25-3-31 and 25-3-35].

C. Policy Provisions for Implementation of Legislative Intent

1. Realignment

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 2004.

2. In-service COLA

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 2004.

3. Reallocations

a. Those reallocations which were appropriated in the agency's appropriations act for Fiscal Year 2004 must be entered by the agency into the "Propose Wage, Salary and Fringe Benefits" segment (PW BR BQ) in SPAHRS by Monday, May 19, 2003.

For filled positions, agencies must submit a copy of an Experience and Training Record (initialed by the Personnel Director) completed and signed by the incumbent with a screen print of the appropriate "Prepare Budget Request" screen stapled to the front. A Job Content Questionnaire (JCQ)
also must be submitted to determine if the requested classification is appropriate.

b. Those reallocations which were recommended in the Fiscal Year 2004 Budget Request, but not appropriated for Fiscal Year 2004 may be entered into the "Position" segment (PO MP RR) of SPAHRS, at the discretion of the appointing authority, on or after July 1, 2003, in accordance with the following policies:

(1) The on-line notes must identify the position(s) as budgeted but not funded.

(2) A Job Content Questionnaire (JCQ) must be submitted to determine if the requested classification is appropriate.

(3) For filled positions, a copy of an Experience and Training Record (initialed by the Personnel Director) completed and signed by the incumbent must be included, with a print of the appropriate "Reallocation/Reclassification" screen stapled to the front.

c. For positions requiring written examinations, individuals meeting the education and experience requirements as reflected in the minimum qualifications of the job class 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 examinations, only those individuals meeting the education and experience requirements as reflected in the minimum qualifications of the job class 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 2005 Budget Request, if such reallocation is still required.

f. Reallocations not submitted in accordance with these provisions shall be returned without action.

4. Longevity

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 2004.
5. Productivity

No funds were appropriated for this component of the Variable Compensation Plan for Fiscal Year 2004.

6. No Increase to Appropriated Dollars or Projected Annual Cost

On or about July 1, 2003, the State Personnel Board shall publish the projected annual cost to fully fund all appropriated positions in compliance with the provisions of this act.

a. It shall be the responsibility of the agency head to ensure that no single personnel action increases this projected annual cost and/or the Fiscal Year 2004 appropriation for "Personal Services" when annualized.

b. At the end of each calendar month, the SPB will forward a report to each agency indicating whether the agency is over or under the lower of the projected annual cost or the appropriated dollars.

c. If the SPB determines that the agency has taken action(s) which would cause the agency to exceed this projected annual cost or the Fiscal Year 2004 "Personal Services" appropriated level, when annualized, then only those actions which reduce the projected annual cost and/or the appropriation requirement will be processed by the State Personnel Board until such time as the requirements of this provision are met.

d. Further, any agency which exceeds either the appropriated dollars or the projected annual cost shall be reported to the Chairman of the House and Senate Appropriations Committees and the Legislative Budget Office.

e. This language is not intended to stop the escalation of time-limited positions. Escalations shall not be considered to cause an agency to exceed the established limits, and will not be accounted for in the monthly reports relative to this language.
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 2004 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 2004, which are identified in Section C above, and which are appropriately submitted.

2. **Fiscal Year 2004 Promotional Formula**

   The Fiscal Year 2004 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 salary. **The actual award up to the max salary is at the discretion of the agency head.** The promotional max salary is the maximum that may be awarded. Unless otherwise permitted by law, no single event, including promotion, reclassification or reallocation, shall exceed the greater of (1) the difference between the starting salary of the current classification and the new classification added to the employee's current salary, or (2) the salary that could be paid to an equally qualified, newly hired employee. The authorized salary for promotion to a vacant position is determined under the following provisions:

   a. When the current salary is greater than the old starting salary, the PRO MAX is equal to the difference between the old and the new starting salaries added to the current salary.

   **EXAMPLE**

   | Current Salary: | $18,220.80 |
   | Old Start Salary: | $12,648.12 |
   | New Start Salary: | $18,408.60 |

   $18,408.60 - $12,648.12 = $5,760.48
   $5,760.48 + $18,220.80 = $23,981.28 PRO MAX

   b. When the current salary is less than or equal to the old starting salary, PRO MAX is equal to the start salary of the new position.

   c. Where the promotional increase authorized under the promotional formula is less than the salary which could be authorized for a new hire (ten percent
above start), Promotional Flex may be awarded under the same criteria set forth under the provisions for "New Hire Flexibility", Section D.5.b.

d. In no case will the promotional maximum (PRO MAX) exceed the end salary of the classification to which promoted.

e. For realignments, maximum eligibility shall be the difference between the old and new starting salaries.

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 Board or the State Personnel Director.

Agencies with misclassified positions may include requests for reallocation in their Fiscal Year 2005 Budget Request. However, each agency head shall have the opportunity to document the need for a non-budgeted reallocation by demonstrating that a bona fide staffing need exists that cannot be adequately addressed through normal budget procedures. The State Personnel Board will consider reallocations outside the legislative process only upon certification by the agency director that adequate funds are available.

a. Non-Budgeted Upward Reallocations

The State Personnel Director shall evaluate the requested classification and 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 the upward reallocation of a position which is vacant or has: a starting salary of $30,000 or less; or a starting salary differential between the two classes of twenty percent (20%) or less and the new starting salary is $44,000 or less. However, the State Personnel Director shall make recommendations to the State Personnel Board as to the action to be taken on a request for the upward reallocation of a filled position when the starting salary differential is more than twenty percent (20%) or the new start salary is greater than $44,000.

Requests for non-budgeted reallocations for Information Technology classifications shall also be considered on a case by case basis by the State Personnel Board with recommendation by the Information Technology Professional Development Committee (ITPDC). See Policy Memorandum No. 5, Administrative Policies and Procedures for the Special Compensation Plan for Information Technology Classifications for Fiscal Year 2004.
(1) Reallocations which require State Personnel Director approval should be accompanied by detailed on-line justification. The agency should also submit to SPB staff, the appropriate Job Content Questionnaire(s) and organizational chart(s), with a screen print of the "Reallocation/Reclassification" attached.

(2) Reallocations which require State Personnel Board approval must include those items listed in subsection (1) above, as well as a detailed letter of justification signed by the agency head or his/her designee.

(3) If an employee who has received an upward reallocation returns to his/her previous classification within twenty-four (24) months, the employee shall return to his/her salary before the reallocation, except as may be adjusted by legislative increases.

b. Lateral Reallocations

(1) The authorized salary for the lateral reallocation of a filled position is no more than the current salary before the reallocation. However, where the salary authorized for the lateral reallocation is less than the salary which could be authorized for a new hire (ten percent above start), salary flexibility may be awarded under the same criteria set forth under the provisions for "New Hire Flexibility", Section D.5.b.

(2) If an employee who has received a lateral reallocation returns to his/her previous classification within twenty-four (24) months, the employee shall return to his/her salary before the reallocation, except as may be adjusted by legislative increases.

c. Downward Reallocations

All downward reallocations must be justified and submitted by the requesting 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 difference between the old and the new starting salaries, subtracted from the current salary. However, at agency head discretion, the authorized salary may be reduced to a lower salary within the new job class pay range to ensure equitable compensation with other employees in the same classification. A written
acknowledgment signed by the affected employee shall accompany all downward reallocations.

EXAMPLE

Current Salary: $18,408.60
Old Start Salary: $18,220.80
New Start Salary: $12,648.12

$18,220.80 - $12,648.12 = $ 5,572.68
$18,408.60 - $ 5,572.68 = $12,835.92 MAX

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

(3) Where the salary authorized for the downward reallocation is less than the salary which could be authorized for a new hire (ten percent above start), salary flexibility may be awarded under the same criteria set forth under the provisions for "New Hire Flexibility", Section D.5.b.

(3) If an employee who has received a downward reallocation returns to his/her previous classification within twenty-four (24) months, the employee shall return to his/her salary before the reallocation, except as may be adjusted by legislative increases.

c. Non-Appropriated Realignment

Except as provided for in Section C.1. 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-appropriated 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 within a class series. Once reclassification authority is approved by the State Personnel Board, reclassification actions may be implemented at the discretion of the agency head. 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. Reclassification of an employee from Correctional Officer Trainee to Correctional Officer I after twelve months of training or from Academic Teacher I to Academic Teacher II with acquisition of AA certification illustrates this type of authorization.

5. Original Appointments

a. Standard New Hire Salary

The authorized salary for a new hire after June 30, 2003, is at or below the starting salary assigned the class in which employed. At the agency head’s discretion, a request to increase an employee’s salary to the starting salary may be submitted at any time. At no time will a new employee be hired below the federally mandated minimum wage of $5.15 per hour.

b. New Hire Flexibility

New Hire Flexibility may be awarded when the education, experience, or professional certification possessed by the applicant 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.

When awarding New Hire Flexibility, a review of employees in the same agency and job classification should be made to determine that there will be no salary inequity between individuals who possess the same qualifications. Should the flexibility cause a salary inequity, the agency may request consideration from the State Personnel Director to award similar flexibility to affected employees.

New Hire Flexibility shall be computed and awarded using the methodology outlined 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 five percent (5%); and/or

Additional directly related education of at least one year is valued up to a maximum of five percent (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 five percent (5%). However, the maximum percentage allowed for a certification shall not exceed the amount set for that certification by the Professional Development Review Committee (PDRC).

(2) The total cumulative New Hire Flexibility award for any combination of experience, education, or certification shall not exceed ten percent (10%).

(3) A SPAHRS screen print of the New Hire Flexibility request attached to an Experience and Training Record must be forwarded to the State Personnel Board.

(4) Employees who change job classifications may be awarded promotional flexibility.

(5) New Hire Flexibility awards will not be approved in conjunction with job classifications authorized for Recruitment Flexibility.
(6) In extraordinary circumstances, the agency may request the State Personnel Director to allow more than the maximum of five percent (5%) for additional directly related experience or more than the maximum of five percent (5%) for additional related education. However, under no circumstances shall the total cumulative New Hire Flexibility award for any combination of experience, education, or certification exceed ten percent (10%).

c. Agency Head Flexibility

Agency Head Flexibility may be awarded to individuals who report directly to the agency head or a key excluded official or advocate substantive agency policy. Requests for Agency Head Flexibility must meet the following criteria:

(1) An employee must be classified in the non-state service under Section 25-9-107(c)(xvi), Mississippi Code of 1972, Annotated.

(2) Agency Head Flexibility increases shall not exceed 25% above the starting salary of the classification.

(3) If an individual who has received Agency Head Flexibility leaves the Exclude Code 16 position, his/her salary shall be calculated by determining what the salary would have been had he/she not received Agency Head Flexibility.

(4) Requests for Agency Head Flexibility increases shall be accompanied by the following documentation:

(a) Online description of the amount awarded;

(b) A signed statement from the employee acknowledging the non-state service status, the amount of salary increase and the subsequent salary withdrawal upon removal from non-state service status. (See Attached Form X16-0700.)

d. Recruitment Flexibility

(1) All requests to recruit applicants at a salary exceeding the assigned starting salary are to be submitted for State Personnel Board approval prior to a job offer or 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 include, but are not limited to:

(a) Documented recruitment difficulties for a job class which may be attributed to the established minimum or special qualifications of a job; and/or

(b) 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.

(2) Requests for recruitment flexibility approved by the State Personnel Board for an entire classification or for a specific position shall be valid for a period of twelve (12) months from the effective date of approval. If the agency is unable to fill the position within the twelve (12) month period, the State Personnel Director may authorize an extension of the recruitment flexibility for an additional twelve (12) months.

Should the agency fill the position within the initial twelve (12) months approved by the State Personnel Board and should the incumbent subsequently leave the position, the State Personnel Director may authorize the Recruitment Flexibility for a period of twenty-four (24) months from the original effective date approved by the State Personnel Board.

(3) If within twelve (12) months from the date of hire, the incumbent of a position which has been authorized for recruitment flexibility transfers to a position which has not been authorized for recruitment flexibility, the salary at transfer shall be established by calculating what the incumbent’s salary would have been had the position from which he/she transferred not been authorized for recruitment flexibility.

(4) At the time of hire, the agency shall submit a written acknowledgment signed by the affected employee certifying that
he/she has been notified of and fully understands the recruitment flexibility policies and salary calculations.

When awarding Recruitment Flexibility, a review of employees in the same agency and job classification series should be made to determine that there will be no salary inequity between current employees and employees hired using recruitment flex. Should the flexibility cause a salary inequity, the agency may request consideration from the State Personnel Director to award similar flexibility to affected employees.

6. Appointment of New Hires from Agencies or Classifications Not Under the Purview of the State Personnel Board

The authorized salary for an individual hired from a State agency or classification not under the purview of the State Personnel Board into an agency/classification under the purview of the State Personnel Board shall be determined with consideration given to the applicant's related education, experience and length of service in State government. On a case-by-case basis, agency heads may request the State Personnel Director to allow an applicant to be appointed at a salary beyond the limits of New Hire Flexibility, as stated in Section D.5.b., above. The hiring agency must give consideration to other employees in the classification, and place the new hire at a point in the pay range comparable to other employees with similar education, experience and length of service.

7. Salary Increase for Appointed Officials

Effective July 1, 2003, the following appointed officials shall receive a salary increase of ten percent (10%) or the starting salary of their job classification, whichever is greater. In cases where this salary increase will cause the agency to exceed its appropriated salaries amount for Fiscal Year 2004, this increase may be decreased or repealed with notification to the State Personnel Director. Such notification must be received by the State Personnel Director by July 10, 2003.

Subsequent increases for appointed officials shall be governed by the policies outlined in Section D.8 below.

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<thead>
<tr>
<th>Appointed Official</th>
<th>July 1, 2003 Specified Salary</th>
<th>FY 2004 Maximum</th>
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<tbody>
<tr>
<td>App Ofcl - Board of Accountancy</td>
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<td>Adjutant General, Military</td>
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<td>Position and Department</td>
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<td>Comm Banking &amp; Consumer Finance</td>
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App Ofcl - Real Estate Commission  $71,100.00  $83,700.00
App Ofcl - Rehabilitation Services  $97,020.00  $108,200.00
App Ofcl - Soil & Water Conserv Comm  $66,000.00  $80,000.00
State Aid Engineer  $77,000.00  $94,108.00
State Forester  $77,000.00  $90,000.00
State Tax Commissioner  $100,100.00  $107,800.00
Associate Tax Commissioner  $46,200.00  $48,300.00
App Ofcl - Tombigbee Riv Val WMD  $67,100.00  $81,000.00
Exec Dir - Transportation  $105,875.00  $121,755.00
Exec Dir - Veterans' Affairs Board  $75,200.00  $88,500.00
App Ofcl - Veterans' Home Purch Bd  $75,500.00  $88,250.00
Stadium Mgr, Vet Memorial Stadium  $62,300.00  $75,000.00
Exec Dir - Wildlife, Fisheries & Parks  $92,400.00  $104,000.00
Workers' Compensation Member  $85,800.00  $98,000.00
Workers' Compensation Admin Judge  $82,500.00  $95,350.00
Workers' Compensation Chairman  $88,000.00  $100,250.00
Workers' Compensation Director  $82,500.00  $95,350.00

8. Appointment of Executive Directors

For the purposes of this section, the supervisory authority is the individual, board or commission which may terminate an agency head either at will or through due process as specified by legislation. For agencies where no supervisory authority is specified, the State Personnel Board will set the salary of the agency head.

a. Initial Salary

The supervisory authority responsible for appointing each Executive Director shall have the flexibility at the time of hire to establish the salary of the appointed official up to mid-point within the appropriate range during the first 12 months of employment. The salary shall be based upon factors directly related to job performance such as previous work experience and educational attainment. The following documentation shall be submitted at the time of the appointment:

(1) A letter of appointment, signed by the Governor or the chairperson of the appointing board or commission;

(2) An Experience and Training Record completed by the employee; and
(3) A copy of the official minutes wherein the employment decision was reached.

b. Subsequent Salary Increases

Upon approval of the State Personnel Director, supervisory authorities may increase the salary of an Executive Director at any time after initial appointment, except as otherwise limited in section 8.(a) above.

In no case will an Executive Director receive more than a $20,000 increase in a twelve-month period, inclusive of the July 1, 2003 specified increase, or the mid-point of the appropriate salary range, whichever is greater. (Reference the Fiscal Year 2004 Maximum Salary provided in Section D.7 above.)

In no case will an Executive Director exceed the end salary of the position. However, the salary range of an incumbent Executive Director shall be increased an amount equal to the education benchmark(s) awarded under the provisions of Section D.10.e.

The salary of an incumbent agency head may not be reduced without approval of the State Personnel Board.

The following documentation shall be submitted at the time of request:

(1) A screen print of the appropriate “Change Compensation” screen in SPAHRS; and

(2) A copy of the official minutes wherein the increase was requested.

c. Executive Salaries Set in Statute

If an Executive Director whose salary is set by statute is transferred or reallocated to an Executive Director position not set in statute, the salary of that individual may be established under the provisions of Section D.8 above.
9. Transfers
   
a. Promotional Transfers
   
(1) The authorized salary for a promotional transfer is determined under provisions governing the Fiscal Year 2004 Promotional Formula, Section D.2.

(2) Unless otherwise permitted by law, no single event, including promotion, reclassification or reallocation, shall exceed the greater of (1) the difference between the starting salary of the current classification and the new classification added to the employee's current salary, or (2) the salary that could be paid to an equally qualified, newly hired employee.

(3) Requests for promotions for classifications included in the Information Technology Special Compensation Plan shall be considered on a case by case basis by the appointing authority with recommendation by the ITPDC.

(4) If an employee who has been demoted from a higher job class to a lower job class returns to his/her previous classification within twenty-four (24) months, the employee shall return to his/her salary before the transfer, except as may be adjusted by legislative increases.

b. Lateral Transfers

(1) The authorized salary for a lateral transfer is no more than the current salary before the transfer. However, where the salary authorized for the lateral transfer is less than the salary which could be authorized for a new hire (ten percent above start), salary flexibility may be awarded under the same criteria set forth under the provisions for "New Hire Flexibility", Section D.5.b.

(2) If an employee who has been laterally transferred returns to his/her previous classification within twenty-four (24) months, the employee shall return to his/her salary before the transfer, except as may be adjusted by legislative increases.

c. Demotional Transfers

The authorized salary for any demotional transfer shall be no greater than the difference between the old and the new starting salaries, subtracted from the
current salary. However, at agency head discretion, the authorized salary may be reduced to a lower salary within the new job class pay range to ensure equitable compensation with other employees in the same classification.

EXAMPLE

Current Salary: $18,408.60
Old Start Salary: $18,220.80
New Start Salary: $12,648.12

$18,220.80 - $12,648.12 = $ 5,572.68
$18,408.60 - $ 5,572.68 = $12,835.92 MAX

(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 involuntary demotions.

(3) If an employee who has been promoted returns to his/her previous classification within twenty-four (24) months, the employee shall return to his/her salary before the promotion, except as may be adjusted by legislative increases.

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

(5) Where the salary authorized for the demotional transfer is less than the salary which could be authorized for a new hire (ten percent above start), salary flexibility may be awarded under the same criteria set forth under the provisions for "New Hire Flexibility", Section D.5.b.

10. Policies and Procedures for the Award of Educational Benchmarks for Completion of Training and Development Programs

It is the intent of the State Personnel Board to establish policies governing the award of monetary benchmarks for completion of employee training and development
programs. These policies are for the purpose of providing employees opportunities to continue acquiring professional skills, knowledge, and expertise.

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.

a. Professional Development Review Committee

The State Personnel Board will appoint a Professional Development Review Committee (PDRC) to review agency requests for monetary benchmarks for completion of employee training and development programs. The PDRC will provide recommendations for action to the State Personnel Director. This committee shall act in an advisory capacity to the State Personnel Director, and is established pursuant to the statutory authority of the State Personnel Board. The PDRC shall be established by precept and members shall be appointed in accordance with Attachment 2.

1. The PDRC will review requests for benchmarks for job related licenses, certifications and registrations.

2. The PDRC will have the latitude to make recommendations regarding the percentage of benchmark to be awarded based on historical data and professional discretion.

3. The PDRC will solicit input from agencies other than the requesting agency who may be affected by the benchmark prior to recommending a percentage award.

4. Agencies will be provided a policy manual regarding the submission of requests for benchmark awards to the PDRC prior to submission.

5. The PDRC will work with agencies to meet the criteria for the award of up to a five percent (5%) benchmark when possible.

b. General Benchmark Policies

1. Requests for Educational Benchmark awards are made at the discretion of the agency head.
(2) No Educational Benchmark shall be awarded for degrees, licensure, certification or registration which the incumbent possessed at the time of hire.

(3) If the employee being awarded an Educational Benchmark is currently at end salary of his or her classification, or should the benchmark cause an employee's salary to exceed end salary, that portion of the benchmark exceeding end salary shall be paid as a one-time lump-sum payment.

(4) Any new hire flexibility, recruitment flexibility, or other discretionary compensation awarded for or in anticipation of future educational achievement, licensure, or certification shall not result in a subsequent award of an Educational Benchmark for the same achievement.

(5) Educational Benchmarks shall not be awarded for degrees, licensure, certifications or registrations which are required by law for performance of job duties.

c. Degrees

Increases in increments of up to five percent (5%) 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 five percent (5%)), Master's, Specialist and Doctoral.

d. Licensure/Certification/Registration

Increases of up to five percent (5%) may be awarded to employees acquiring licensure, certification, or registration directly related to their jobs.

Generally, employees in information technology classifications may only receive increases related to the completion of educational degrees, the Basic Supervisory Course, the Certificate in Supervisory Management, the Certified Public Manager program, and the Stemmis Executive Development Institute. However, an employee may be awarded an increase for obtaining a certification developed and administered by their employing agency which is directly related to the mission of the agency.
e. Educational Benchmarks for Executive Directors

In accordance with Section 25-3-34, Mississippi Code of 1972, Annotated, as amended, in addition to the salary established by the State Personnel Board for agency heads previously included in Section 25-3-33 (said section now repealed) agency heads may receive the award of an educational benchmark as defined in State Personnel Board rules for the possession or attainment of any of the following:

(1) The Certified Public Manager designation;

(2) A job-related PhD (Doctor of Philosophy) degree which is not required as a minimum qualification of the position;

(3) A job related certification, licensure, or registration requiring the passage of an examination, which is not required as a minimum qualification of the position.

No such official or employee may receive more than a total of three (3) eligible benchmarks, only one of which may be for a job related certification, licensure or registration.

The end salary may be extended to accommodate educational benchmark increases as provided for in Paragraph 25-3-34 of state law.

f. Management Training Act

Pursuant to Senate Bill 2236, Regular Session 2003, there is hereby established a management training program for state employees to be administered by the State Personnel Board for the purposes of increasing efficiency and economy in government departments by improving the management functions of agencies. The State Personnel Board shall provide an overall plan for coordination and implementation of educational programs in the area of management training for state employees. Such plan shall be developed with full recognition of the requirements and needs of state agencies and shall include, but not be limited to, the Basic Supervisory Course (BSC), the Certified Public Manager Program (CPM) and the executive seminars offered through the Stennis Executive Development Institute (SEDI).

It is the intent of the Legislature to provide incentives for the successful completion of the various levels of management training provided to state
employees. Per legislation, the maximum amounts of such incentives have been established by the State Personnel Board, and are as follows:

1% increase = Basic Supervisory Course (BSC)
2% increase = Certificate in Supervisory Management (CSM)
3% increase = Completion of Certified Public Manager (CPM) Program
1% increase = Completion of the Stennis Executive Development Institute

Note: An employee who has completed the CSM and/or the CPM will not be eligible for a 1% increase for subsequently completing the BSC.

General Provisions

(1) All state and non-state service employees who are appointed after July 1, 2003, to a supervisory or management position shall participate in the Basic Supervisory Training Course within eighteen (18) months from the date of initial appointment.

(2) All state and non-state service employees who were appointed before July 1, 2003, to a supervisory or management position shall participate in the Basic Supervisory Training Course within three (3) years of the State Personnel Board's implementation of the Management Training Program.

(3) The administrative head of an agency may propose to exempt any employee from the requirement of management training by sending a written request for such exemption to the State Personnel Director. The State Personnel Board is authorized to promulgate rules and regulations which set forth the criteria by which the State Personnel Director may exempt an employee from the requirement of management training.

(4) The State Personnel Board shall conduct an annual assessment of the overall need for management training in state agencies, which shall include training needs identified by executive heads of agencies. Based on its assessment, the board shall develop performance objectives for the Management Training Program expressed as measurable outputs and outcomes. Such performance objectives shall include: (a) training outputs which express the increases in skills, knowledge and ability gained in the training; and (b) management outcomes which express improvements in public administration in the State of Mississippi due to the program. The board shall annually
measure the outputs and outcomes and revise its performance objectives for the Management Training Program as necessary.

(5) On July 1 of each year, all state agencies shall submit to the State Personnel Board a report which includes information as specified by the State Personnel Board pertaining to the amount of funds spent on management training.

(6) The State Personnel Board shall annually submit to the Legislature a report on the following: (a) the amount of funds spent on management training by each state agency; and (b) the effectiveness of the Management Training Program for each state agency as measured by the board's performance objectives.

11. Special Compensation Plans

Authorization to implement special compensation plans during Fiscal Year 2004 shall be limited. Only special compensation plans reviewed prior to the start of Fiscal Year 2004 and approved by the State Personnel Board for implementation or continuation during the fiscal year shall be certified.

12. 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 2004. 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 Board shall not consider new requests to undertake additional compensation not currently authorized except as a bona fide staffing need or as a part of the Fiscal Year 2004 budget request.

13. Salary Increases Which Exceed the Agency Head

In accordance with Section 25-3-39, *Mississippi Code of 1972, Annotated*, as amended:

a. No public officer, public employee, administrator or executive head of any arm or agency of the state, in the executive branch of government, shall be paid a salary or compensation, directly or indirectly, greater than one hundred fifty percent (150%) of the maximum salary fixed in section 25-3-31 *Mississippi Code of 1972, Annotated*, as amended, for the Governor. All
academic officials, members of the teaching staffs and employees of the state institutions of higher learning, the State Board for Community and Junior Colleges, and community and junior colleges, and licensed physicians who are public employees, shall be exempt from this subsection. The Governor shall fix the annual salary of the Executive Director of the Mississippi Development Authority and the annual salary of the Chief of Staff of the Governor's Office, which salaries shall be completely paid by the state and may not be supplemented with any funds from any source, including federal or private funds. Provided, however, that the salary of the Executive Director of the Mississippi Development Authority and the Governor's Chief of Staff shall not be greater than one hundred fifty percent (150%) of the salary of the Governor. Furthermore, all professional employees who hold a bachelor's degree or more advanced degree from an accredited four-year college or university or a certificate or license issued by a state licensing board, commission or agency and who are employed by the Department of Mental Health shall be exempt from this subsection if the State Personnel Board approves the exemption.

b. No public officer, employee or administrator shall be paid a salary or compensation, directly or indirectly, in excess of the salary of the executive head of the state agency or department in which he/she is employed. Provided, however, the State Personnel Board may, based upon its findings of fact, exempt physicians and actuaries from this subsection when the acquisition of such professional services is precluded based on the prevailing wage in the relevant labor market.

c. Compensation, for purposes of this section, is defined as the employee's base salary and any additional or special compensation, less paid fringe, authorized by state or federal law or as otherwise provided in State Personnel Board policy. Further, agencies are required to ensure that all employees subject to the overtime provisions of the Fair Labor Standards Act of 1938, as amended, are not scheduled to work hours that could cause the employee's total annual compensation to exceed that of the governor or the agency director.

d. In reference to the language contained in Section 13.a above, the State Personnel Board shall review requests for salary exemption from the Department of Mental Health for employees who hold a bachelor's degree or more advanced degree from an accredited four-year college or university or a certificate or license issued by a state licensing board, commission or agency on a case by case basis.

e. In reference to the language contained in Section 13.b above, the State Personnel Board has determined that the salaries of physicians and actuaries

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

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 salary at the time of the separation, except as may be adjusted by any salary increase authorized by the Legislature and/or through non-appropriated realignment.

15. 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 is no more than the current salary at the time of the separation, except as adjusted by any job class realignment.

b. The authorized salary for an individual returning to state service employment but to another job classification is determined under provisions for "Original Appointments," Section D.5., without regard to the initial reasons for separation.

E. Performance Appraisal Review (PAR) Requirements

1. Each agency shall have the Performance Appraisal Review (PAR) 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 the Performance Appraisal Review (PAR) policies certified by the State Personnel Board.

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

If you have any questions regarding Policy Memorandum No. 2, please contact the Office of Classification and Compensation at 359-2769.
ACKNOWLEDGEMENT OF AGENCY HEAD FLEXIBILITY INCREASE

I acknowledge by my signature that I have received the Agency Head Flexibility increase below indicated and have reviewed and understand the following guidelines:

a. I understand that I am classified as non-state service (Exclude Code 16), and therefore, do not have property rights to employment in state government;

b. I understand that State Personnel Board policies and procedures change annually (or more frequently), that such changes or revisions are forwarded to agency heads for dissemination to all employees, and that I am responsible for keeping informed of such changes or revisions;

c. I understand that the salary determination procedures, and any other policy and procedure provisions, may change without prior notice;

d. I understand that transfer, reallocation, demotion, agency reorganization or other action may result in the change of my Exclude Code 16 status, and the subsequent loss of my Agency Head Flexibility money; and

e. I understand that if I leave or am removed from the non-state service status (Exclude Code 16), my salary will be calculated by determining what my salary would have been had I not received an Agency Head Flexibility increase.

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Attachment 2

Professional Development Review Committee

I. The Professional Development Review Committee (PDRC) is chartered by the State Personnel Board (SPB) and serves the SPB in an advisory capacity regarding the benchmarks for training and certifications for all classifications statewide under the purview of SPB.

II. The composition of the PDRC is as follows:

A. The committee will consist of seventeen (17) members.
B. In order to have a quorum for a meeting of the Committee, at least nine (9) members must be present.
C. The State Personnel Director, or a SPB staff member designated by the State Personnel Director, will be a permanent member of the PDRC and will serve the committee as chairperson.
D. The other sixteen (16) members of the committee will be appointed by the State Personnel Board from a list of nominees submitted by the State Personnel Director as follows:
   1. One (1) additional staff member from SPB.
   2. Fifteen (15) Human Resources Directors, or their designees, from state service agencies other than SPB.

III. The length of term for the PDRC members is as follows:

A. The initial PDRC will be established with three (3) year terms for five (5) members, two (2) year terms for five (5) members, and a one (1) year term for five (5) members. New members will be appointed for three (3) year terms as replacements are necessary for those members whose terms are complete. The sixteenth member will be an employee of the State Personnel Board as assigned by the State Personnel Director. The seventeenth member will be the State Personnel Director, or his/her designee.
B. If an individual on the committee leaves state government, changes agencies, or transfers out of his/her Human Resources Director position, a new member will be appointed to fill the remainder of that individual’s unexpired term.

IV. The scope of the PDRC’s review and recommendations:

A. Review and make recommendations regarding relevance of certifications, licenses, and/or degrees in regard to educational benchmarks for classifications.
B. Determine maximum benchmark percentage amounts for certifications, licenses, and/or degrees.
C. Maintain consistency among certifications, licenses, and degrees for various classifications in regard to availability, percentages, and time frames.
V. Meeting Schedule:

A. Agencies will submit information regarding certifications, licenses, and degrees to SPB for review by the PDRC.
B. The PDRC will meet as necessary to establish the initial guidelines for existing certifications, licenses, and degrees and then on a quarterly basis on the first Thursday of August, November, February, and May to review and make recommendations regarding agency requests.
C. If there are no pending requests for the committee's review, the PDRC will not meet.
D. Ad hoc meetings of the PDRC can be called at any time at the request of the chairperson of the committee.