

**681—3.8(8A) Administration of the pay plan.** Within the provisions of these rules, the pay plan will be uniformly administered by the resident directors under the direction of the merit system director for all classifications in the system. Except as otherwise provided in these rules and in the pay plan, all employees will be paid between the minimum and maximum of the pay grade to which the employee's classification is assigned. Any employee who is approved for participation in a phased retirement program as provided for by state law and regent policy shall have the salary provided under these rules adjusted as specified by such law and regent policy. In instances where more than one rule for pay is applicable, the resident director may apply the rule that is most appropriate for the situation.

**3.8(1) Entrance salaries.** The entrance salary for an employee in any position under this system will be the minimum salary of the pay grade to which that classification is assigned or in accordance with the approved pay plan, except as provided for the following.

*a. Appointment based on a scarcity of qualified applicants.* At the request of a resident director and based on economic or employment conditions that make it difficult to recruit at the minimum rate of the pay grade to which a classification of position is assigned, the merit system director may authorize an advanced starting rate. Where such a higher entrance rate is authorized, all employees in the same classification and in the same geographical area, who are earning less than the higher entrance rate, will be increased to that higher rate.

*b. Appointment based on exceptional qualifications.* An employee whose qualifications substantially exceed the minimum required for the classification or who possess outstanding experience relative to the demands of the position may, at the request of an employing department and upon approval by the resident director, be appointed at a rate higher than the minimum. At the request of the employing department, or at the discretion of the resident director, salaries of similarly qualified employees in the same classification with similar qualifications at the same institution may be adjusted. These appointments along with any salary adjustments made to other employees must be reported to the merit system director.

*c. Appointments based on prior service at the institution.* An employee who was previously employed by an appointing institution in a nonmerit system position and who performed duties of a similar character and responsibility as the merit classification to which the employee is being appointed may be paid at a rate higher than the minimum, reflecting prior service in a comparable position. Such appointments must be approved by the resident director and reported to the merit system director.

*d. Appointments from mergers and acquisitions.* An employee who is appointed at a university due to a merger or acquisition should be paid consistent with current pay practices. If the salary of an employee exceeds the maximum salary of the pay range to which the new classification is assigned, at the discretion of the employing department and with the approval of the resident director, the salary may be "red-circled" for a period not to exceed one year. The resident director may request an extension to the merit system director due to special circumstances for a designated period of time.

**3.8(2) Merit increases.** An employee with satisfactory performance shall be eligible to receive a merit increase upon completion of the employee's increased eligibility period. The eligibility period shall be 12 months from the merit review date. Merit review date practices shall be established by the resident director at each institution. The resident director may allow for a merit review date at six months from the date of hire for an employee who is appointed and paid at the minimum rate for the employee's assigned pay grade. Failure to conduct a performance review shall result in the employee being deemed to have performed satisfactorily during this period. No merit increase will be granted above the maximum of the pay grade. Merit increases may be denied or deferred by the employing department based on work performance. An employee whose merit increases are denied or deferred may request additional information from the department regarding the rationale.

**3.8(3) Pay on promotion.** An employee who is promoted will be moved to the minimum rate of the new grade or to an equal or higher rate in the new grade that is no greater than 5 percent higher than the employee's current base pay without approval of the merit system director. In no event will the adjustment result in pay above the maximum of the new grade.

If the promotion involves movement to a new grade that is three or more grades higher than the employee's present grade, the resident director may approve, on written request from the employing

department, an increase to the employee's present base pay of no greater than 10 percent without the approval of the merit system director.

When calculating the promotional increase, any extra pay such as shift differential pay, pay for special assignment, pay for lead worker status, on-call pay, pay for overtime, or pay for call back shall be excluded as part of the employee's present base pay. Pay on promotion in accordance with the provisions of paragraph 3.8(1) "b" may be authorized by a resident director and will be reported to the merit system director.

**3.8(4) Pay on demotion.** Upon recommendation by the department head, and with the prior approval of the resident director, the pay of an employee who is demoted will be set at any rate within the new pay grade that does not exceed the rate at which the employee was paid in the position from which the employee was demoted, except as provided in paragraph 3.8(1) "b."

If the salary of an employee who is demoted as the result of the reclassification of the employee's position exceeds the maximum salary of the pay range to which the new classification is assigned, at the discretion of the employing department and with the approval of the resident director, the salary may be "red-circled" for a period not to exceed one year. The resident director may request an extension to the merit system director due to special circumstances for a designated period of time.

**3.8(5) Pay on reinstatement, recall or return from leave.**

a. An employee who is reinstated will be paid at a rate no greater than what the employee was last paid, plus any across-the-board increases that would have occurred during the time of nonemployment, and between the minimum and maximum of the pay grade.

b. An employee who is recalled to the previously occupied class will be paid at a rate no greater than what the employee was last paid, plus any across-the-board increases that would have occurred during the time of nonemployment, and between the minimum and maximum of the pay grade. Reemployment to the previously occupied class from a position taken as a voluntary demotion in lieu of layoff will not be considered a promotion.

c. An employee who is reappointed to the previously occupied position or a position in the same class on conclusion of a leave without pay will be paid in accordance with the provisions concerning pay on recall as provided above.

**3.8(6) Pay for special assignment.** Provided an employee is granted special assignment in accordance with subrule 3.19(2), the employee will be paid for the duration of such assignment consistent with:

- a. Subrule 3.8(3), pay on promotion, if assigned to a classification having a higher pay grade;
- b. Subrule 3.8(7), pay on lateral transfer, if assigned to a classification having the same pay grade;
- c. The present base pay if assigned to a classification having a lower pay grade.

**3.8(7) Pay on lateral transfer.**

a. An employee who is transferred from one position to another position in the same classification shall receive no adjustment in base pay except as provided in paragraph 3.8(1) "b";

b. An employee who is transferred from one position to another position in a different classification but in the same pay grade shall receive no adjustment in base pay, except as provided in paragraph 3.8(1) "b" or as set forth in paragraph 3.8(7) "c";

c. An employee who is transferred from one classification with a lower or no advanced starting rate to a classification with a higher advanced starting rate shall receive:

(1) An adjustment to the higher advanced starting rate if the base pay prior to lateral transfer is less than the higher advanced starting rate; or

(2) No adjustment in base pay if the employee's base pay prior to lateral transfer is not less than the higher advanced starting rate.

d. In no case may an employee be paid below the minimum or above the maximum for a classification.

**3.8(8) Pay upon change in pay grade of class.** If the class is revised and reassigned to a higher pay grade, subrule 3.8(3), pay on promotion, will apply.

If the class is revised and reassigned to a lower pay grade, subrule 3.8(4), pay on demotion, will apply.

**3.8(9) Pay for part-time employment.** Pay for part-time employment will be proportionately equivalent to the rate for full-time employment.

**3.8(10)** *Pay for exceptional performance.* An employee may be given pay for exceptional performance, not to exceed 10 percent of an employee's current annual salary, at the written request of the employee's department head with appropriate administrative approval and the prior approval of the resident director. The request will describe the nature of the exceptional job performance for which additional pay is requested, indicate the amount proposed, and specify the source of funds. The award may be based on sustained superior performance or an exceptional achievement or contribution during the period since the employee's last performance review. To qualify for an exceptional performance award, an employee must have a cumulative performance evaluation exceeding standards and have no individual rating below satisfactory. Payment will be made as a lump sum award and will not change the employee's established base pay. An employee will be eligible to receive multiple rewards per fiscal year but not to cumulatively exceed 10 percent of the employee's current annual salary.

**3.8(11)** *Pay for call back.* An employee who is called back to the work site after completing the employee's regular work schedule will be paid for a minimum period of three hours, regardless of the time worked. An employee who is called back and works in excess of three hours will be paid the actual time worked.

**3.8(12)** *Pay for lead worker status.* On request of an employing department and with approval of the resident director, an employee who is assigned and performs limited supervisory duties (such as distributing work assignments, maintaining a balanced workload within a group, and keeping attendance and work records) in addition to regular duties may be designated as lead worker in the classification assigned and paid during the period of such designation the employee's base salary plus a percentage of the employee's base pay no greater than 5 percent without the approval of the merit system director.

**3.8(13)** *Pay for trainees and apprentices.* The schedule of wages for trainees and apprentices will be set at the minimum of the entrance rate of the journey classification and decreased by 3 percent for every year of the program. Each employee whose performance is satisfactory as determined by the employing department will progress by half of the annual increase every six months from the established minimum of the schedule to the entrance rate established for the journey classification at the completion of time established for training or apprenticeship.

**3.8(14)** *Discretionary pay increases for permanent employees.* A permanent employee paid within the designated pay grade may be eligible for a discretionary increase to the employee's present base pay as a result of a market analysis, equity analysis, employment offer or other employment situation. In no circumstance will the adjustment result in pay above the maximum of the pay grade. A resident director shall present the rationale for a discretionary pay increase to the merit system director for approval.

**3.8(15)** *Payment of a shift differential.* All employees will be paid a differential for any shift of which four or more hours occur between 6 p.m. and midnight and a shift differential for any shift of which four or more hours occur between midnight and 6 a.m. The amount of the shift differential paid shall be determined by the merit system director and may vary between or within institutions based on geographical or market differences.

**3.8(16)** *Pay for time on-call.* At the request of the employer, an employee who is off duty and free to engage in the employee's own pursuits shall be considered on-call provided that the employee leaves word with the employer where to be reached if needed and the employee is able to report ready for work within a specified time after being contacted by the employer. The rate for on-call pay shall be determined by the merit system director.

**3.8(17)** *Pay on reclassification of position.* If a position is reclassified, the incumbent's pay will be set in accordance with the rules governing pay on demotion, transfer, or promotion, whichever is applicable.

**3.8(18)** *Recruitment or retention payments.* A payment to a job applicant or an employee may be made for recruitment or retention reasons. The resident director shall first submit a written explanation to the merit system director prior to any payment being made.

As a condition of receiving recruitment or retention pay, the recipient may be required to sign an agreement to continue employment with the employing department to be commensurate with the amount of the payment. If the recipient is terminated for cause or voluntarily leaves state employment, the recipient may be required to repay the employing department for the proportionate amount of the payment for the time remaining and it will be recouped from the final paycheck. When the recipient changes employment

to another state agency, a repayment schedule must be approved by the employing department and the state agency. Recoupment will be coordinated between the state agency and the institution to ensure the proper reporting of taxes.

**3.8(19)** *Emergency payments.* When a state of emergency has been declared to exist at an institution, an employee may be given emergency pay at the written request of the employee's department head with appropriate administrative approval and the prior approval of the merit system director and resident director. The request will describe the nature of the state of emergency, the services provided by the employee in support of the management of or response to the state of emergency, the amount proposed, and the source of funds. Payment will be made as a lump sum award and will not change the employee's established salary rate.

**3.8(20)** *Payment of a weekend differential.* At the request of the resident director and with approval from the merit system director, an employee may be paid a weekend differential for any shift of which four or more hours occur between Saturday at 12 midnight and Sunday at 11:59 p.m. The amount of the weekend differential paid shall be determined by the merit system director and may vary between or within institutions based on geographical or market differences.

**3.8(21)** *Weekend option premium pay.* When an employee works the weekend as the employee's primary schedule, the institution may request premium pay that is part of the employee's hourly rate. The amount of the premium pay shall be determined by the merit system director and may vary between or within institutions based on geographical or market differences.

**3.8(22)** *Payment for working additional shifts.* At the request of the resident director and with approval from the merit system director, when an employee works four or more unscheduled hours at the request of the employer, the employee may be paid an extra shift hourly premium. The amount of the premium paid shall be determined by the merit system director and may vary between or within institutions based on geographical or market differences.

**3.8(23)** *Lump sum payments.* At the approval of the resident director, an employee may receive a lump sum payment that does not impact base salary. These payments can be part of the annual salary review process or another designated time. These payments are allowed once per fiscal year and are separate from any other pay practices in the merit rules.

[ARC 0418D, IAB 7/8/26, effective 8/12/26]