

Office Memorandum

Date: 12/9/2025

To: HR Directors and Designees, SEMA4 HR and Payroll Users

From: Dori Leland, Director, Workforce Development

RE: Performance Based Salary Increases: Non-represented Employee's Compensation Plan (including, Medical Specialists' Addendum), and Managerial Plan

This memo provides details and instructions for processing performance-based salary increases effective December 31, 2025, for employees covered by:

- Non-represented Employee's Compensation Plan (formerly known as Commissioner's Plan)
- Medical Specialists' Addendum to the Non-Represented Employee's Compensation Plan
- Managerial Plan

For Fiscal Year 2026, performance-based increases allowed by these plans are capped at 3.5%.

Agencies are responsible for reviewing the appropriate plans, evaluating eligibility, and subsequently updating employee pay rates accordingly.

Employees covered under these Plans, regardless of Appointment Type and Employment Status, are eligible for a salary increase if they meet all of the following criteria:

1. The employee must be covered by the plan on the day before the salary increase is granted.
2. The employee must have documented satisfactory or better performance.
3. Their rate of pay is below the maximum of their salary range.

In no case should a salary increase result in a rate above the maximum of the employee's salary range.

Note: Calculate salary increases using the employee's hourly rate, not the annual rate. Enter these performance-based increases no later than January 9, 2026, in order for the pay increases to be reflected on the January 23, 2026, paycheck.

Trainee assignments: Agencies with Trainees covered by these plans will receive separate instructions and a list of employees in those trainee assignments.

Non-represented Employee's Compensation Plan Performance-Based Salary Increase Effective 12/31/2025

For eligible employees, add a row with an effective date of 12/31/2025, and Action / Reason **Pay Rate Change / PRF** (Increase Based on Performance). Update any rows with effective dates greater than 12/31/2025 accordingly and add a note to explain the update.

Managerial Plan and Medical Specialists' Addendum to the Non-represented Employees' Compensation Plan Performance-Based Salary Increase Effective 12/31/2025

Salary increases under the Managerial Plan and Medical Specialists' Addendum may be in the form of an adjustment to the base salary rate, a lump sum, or a combination of both, but not result in a base salary rate above the range maximum for the employee's job class.

For eligible employees, add a row with an effective date of 12/31/2025 and Action / Reason **Pay Rate Change / PRF** (Increase based on Performance). Add a note to indicate that this row is for the performance-based salary increase. Update any rows with effective dates greater than 12/31/2025 accordingly and add a note to explain the update.

If the salary increase includes a lump sum payment, coordinate with your agency payroll staff. Mass Time Entry earn code INS – Contract/Plan Lump Sum should be used when processing payroll for the PPE January 13, 2026. For questions regarding payroll processing, contact [Statewide Payroll Services](#).

The lump sum option is not available for Non-represented Employee's Compensation Plan employees.

Agency Heads Not Entitled to Increases

Agency heads listed in Minn. Stat. 15A.0815 (and some others) are not covered under the Managerial Plan for salary purposes and are therefore not entitled to salary increases under its terms. Please contact MMB Workforce Development Director Dori Leland at dorilee.leland@state.mn.us if you have a question about salary for your agency head.

Performance Based Salary Increase Timeline

Date	Event
By Close of Business Friday, January 9, 2026.	Agencies enter performance-based increases (Pay Rate Change / PRF) effective 12/31/2025 for eligible employees covered by the Non-represented Employee's Compensation Plan, Medical Specialists' Addendum, and Managerial Plan.
By Close of Business Friday, January 9, 2026.	Agencies enter rate increases for trainee assignments. MMB will provide a list of employees and further instructions to agencies with trainees covered by these plans.

Date	Event
January 13 through 16, 2026.	Agency payroll staff enter any applicable lump sum payments for employees covered by the Managerial Plan or the Medical Specialists' Addendum to the Non-represented Employee's Compensation Plan.
Friday, January 23, 2026.	Paycheck reflects performance-based increase for employees covered by the Non-represented Employee's Compensation Plan, Medical Specialists' Addendum, and Managerial Plan.

Questions?

For SEMA4 HR questions, please contact your MMB SEMA4 HR Specialist:

- Kaeley Cazin – Kaeley.Cazin@state.mn.us
- Tia Chester – Tia.Chester@state.mn.us

For questions regarding payroll processing, contact [Statewide Payroll Services](#).