

Memo

Date: January 8, 2026

To: HR Directors and Designees, SEMA4 HR Users, Payroll Users, and Agency Accounting Coordinators

From: Dori Leland, Director, Workforce Development

RE: Salary Adjustments for the 2025 - 2027 Biennium Year 1: MGEC

Minnesota Management and Budget (MMB) will implement the Year 1 salary provisions of the Minnesota Government Engineering Council (MGEC) contract over the weekend of January 16, 2026.

This memo provides instructions and critical timelines for agency Human Resources offices.

Year 1 General Salary Adjustment, effective July 1, 2025

Over the weekend of January 16, 2026, MMB will apply a 1.5% general wage adjustment to the job records of employees covered by the MGEC contract (HR Status = Active), and for “insufficient work time employees” in related job classes.

MMB will insert a SEMA4 Job row with an effective date of **7/1/2025** and **Pay Rate Change / GEN** as the action / reason. MMB will update rows with effective dates greater than 7/1/2025 and include a Job Data comment to indicate the rate of pay has been updated by the mass salary update. The new rates of pay will display in SEMA4 on Tuesday, January 20, 2026.

Pay rates over the maximum

Employees with a rate code of OFFOMD or OFFOMT:

- Employees whose rate of pay exceeded the maximum for their job class on 6/30/2025, but falls within the range on 7/1/2025, will be placed at the new range maximum step for the job class and the rate code will be changed to ONSTEP.
- Employees whose rate of pay exceeded the maximum for their job class on 6/30/2025, and continues to exceed the maximum on 7/1/2025, will not receive an update.

Employees with a rate code of OFFOMR (due to a reallocation demotion) will receive the full 1.5% increase.

Mass update reports available January 20, 2026

On January 20, 2026, report HP7041, *Mass Update Before and After Values for Salary*, will be available in the Standard Report Viewer. This report reflects employees' new rates of pay. Please review this report for accuracy. Note: After you open report HP7041, you will see Report ID PDHR7063 in the upper left corner.

Work-out-of-class and trainee pay rates

The mass update will increase employee permanent rates of pay only. The agencies must calculate and enter the rates of pay for work-out-of-class differentials and trainee assignments. MMB will send the agencies separate instructions and a list of employees on January 20, 2026.

New appointments after July 1, 2025

Employees who are appointed to positions covered by this contract after July 1, 2025, will also receive the 1.5% general adjustment. However, this mass update will **not** add a 7/1/2025 general adjustment row (Pay Rate Change / GEN) because the employee was not yet appointed to the position on that date. The general adjustment mass update will be applied to rows with effective dates equal to and greater than the date of the appointment.

Separated employees

- Employees who are separated (with an Inactive HR status) on January 16, 2026, will not be included in the general adjustment mass update.
- Employees who have a future-dated separation effective after January 16, 2026, will receive the general adjustment. However, the rate of pay on the separation row will not be updated. The agencies must manually update the separation row with the new rate of pay. MMB will send agencies a list of these employees on January 20, 2026.

Employees who separated from state service between 7/1/2025 and 1/16/2026 (the date the salary mass update will be run for active HR Status employees) must make a written request to their HR office to receive the general adjustment. The agencies are responsible for updating the job records with the 7/1/2025 general adjustment row, and any subsequent rows. The agencies are also responsible for calculating retroactive pay and recalculating any vacation payoffs and severance payments previously made to the employee. These employees must make a written request to their HR office by **2/6/2028** to receive the general adjustment. These separated employees should be advised to contact MSRS regarding the updated compensation rate.

SEMA4 Salary Adjustment Timeline

Date	Event
Weekend of 1/16/2026	Mass salary update (1.5% general adjustment, effective 7/1/2025) for employees covered by MGEC, and for “insufficient work time employees” in related job classes.
1/20/2026 – 1/23/2026	Agencies review report HP7041, <i>Mass Update Before and After Values for Salary</i> in Standard Report Viewer.
1/20/2026 – 1/23/2026	Agencies enter rate increases (differentials) for work-out-of-class assignments. Agencies will enter rate increases for trainee assignments. MMB will provide further instructions and employee lists regarding work-out-of-class assignments.
1/20/2026 – 1/23/2026	Agencies enter compensation rate corrections for any future-dated separations. MMB will provide an employee list and further instructions to the agencies
2/6/2026	Paycheck reflects the 1.5% general adjustment salary increase along with retroactive pay for employees covered by MGEC.

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](#).