

Memo

Date: February 20, 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: Nonrepresented Employees Plan, SRSEA, Medical Specialists' Addendum, and Managerial Plan**

Minnesota Management and Budget (MMB) will implement the Year 1 salary provisions of the above-mentioned contracts and plans over the weekend of February 27, 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 February 27, MMB will apply a 1.5% general wage adjustment to the job records of active HR status employees covered by the following plan and contract, and for "insufficient work time employees" in related job classes:

- Nonrepresented Employees Plan (formerly known as the Commissioner's Plan)
- SRSEA (State Residential Schools Education Association)

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 Monday, March 2.

Pay rates over the maximum

Employees with Off-Step Rate Codes of **OFFOMD** (due to a demotion with salary above the maximum) or **OFFOMT** (due to a transfer with salary above the maximum):

- 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 rate for the job class and the rate code will be changed to OFFRNG or 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 with salary above the maximum) will receive the full 1.5% increase.

Managerial Plan and Medical Specialists' Addendum

Employees covered by these plans are eligible for the 1.5% general salary increase effective July 1, 2025, if they have achieved performance standards or objectives. **General salary increases covered by the Managerial Plan and Medical Specialists' Addendum are not included in the mass salary update. Agencies are responsible for evaluating eligibility and updating the rates of pay accordingly.**

For Managerial Plan and Medical Specialists' Addendum employees receiving this increase, insert a Job row with an effective date of 7/1/2025 and **Pay Rate Change / PRF** as the action / reason. Include a comment to note that this is the general adjustment. Update any subsequent rows accordingly and include a comment to note that this increase is due to the general adjustment.

Pay Rates Over the Maximum for Managers or Medical Specialists

Employees with a rate code of **OFFOMD** (due to demotion with salary above the maximum) or **OFFOMT** (due to a transfer with salary above the maximum):

- The employee is eligible for an increase to the new range maximum for the job class if their rate of pay exceeded the maximum on 6/30/2025 but now falls within the range for the class on 7/1/2025. Change the compensation rate code on the new row to OFFRNG.
- The employee is NOT eligible for an increase if their rate of pay exceeded the maximum on 6/30/2025 and continues to exceed the maximum on 7/1/2025.

If the rate of pay exceeded the maximum on 6/30/2025 with a compensation rate code of **OFFOMR** (due to a reallocation demotion with salary above the maximum), the employee is eligible for the full 1.5% increase.

Agency heads

Managers whose salaries are set in statute, such as agency heads, are not eligible for these general salary increases.

Mass update reports available March 2, 2026

On March 2, 2026, report HP7041, *Mass Update Before and After Values for Salary*, will be available in the SEMA4 Standard Report Viewer. This report displays employees' old and 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. Agencies must calculate and enter the rates of pay for work-out-of-class differentials and trainee assignments.

MMB will send agencies separate instructions and a list of these employees on March 2, 2026.

New appointments after July 1, 2025

Employees who are appointed to positions covered by the Nonrepresented Employees Plan or SRSEA 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 February 27, 2026, will not be included in the general adjustment mass update.
- Employees who have a future-dated separation effective after February 27, 2026, will receive the general adjustment. However, the rate of pay on the separation row will not be updated. Agencies must manually update the separation row with the new rate of pay. MMB will send agencies a list of these employees on March 2, 2026.

Employees who separated from state service between 7/1/2025 and 2/27/2026 (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. Agencies are responsible for updating the job records with the 7/1/2025 general adjustment row and any subsequent rows. Agencies are also responsible for calculating retroactive pay and recalculating any vacation payoffs and severance payments previously made to the employee. These separated employees must make a written request to their HR office by **3/20/2028** to receive the general adjustment and should be advised to contact MSRS regarding the updated compensation rate.

SEMA4 Salary Adjustment Timeline

Date	Event
Weekend of 2/27/2026	Mass salary update (1.5% general adjustment, effective 7/1/2025) for employees covered by the Nonrepresented Employees Plan and SRSEA, and for “insufficient work time employees” in related job classes.
3/2/2026 – 3/6/2026	Agencies review report HP7041, <i>Mass Update Before and After Values for Salary</i> in Standard Report Viewer.
03/02/2026 – 03/06/2026	Agencies enter performance-based General Adjustment increases for eligible employees covered by the Managerial Plan or Medical Specialists’ Addendum.
3/2/2026 – 3/6/2026	Agencies enter rate increases (differentials) for work-out-of-class assignments. Agencies enter rate increases for trainee assignments. MMB will provide further instructions and employee lists regarding work-out-of-class and Trainee assignments.
3/2/2026 – 3/6/2026	Agencies enter compensation rate corrections for any future-dated separations. MMB will provide an employee list and further instructions to the agencies

Date	Event
3/20/2026	Paycheck reflects the 1.5% general adjustment salary increase along with retroactive pay for employees covered by Nonrepresented Employees Plan, SRSEA, Managerial Plan and Medical Specialists' Addendum.

Questions?

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

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

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