



Memo

Date: December 31, 2025

To: Agency Payroll and Human Resources Staff

From: Katie Karow, Director, Statewide Payroll Services

RE: Payroll-Related Changes for 2025-2027 MGEC Agreement

For agencies with employees in the Minnesota Government Engineering Council (MGEC) this memo includes payroll changes in the 2025-2027 agreement.

Agencies should take appropriate action to compensate employees accordingly. MMB will be implementing General Salary Adjustments during the weekend of January 16, 2026.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF

Updated Resources

The [2025-2027 agreements and summaries](#) are available on MMB's website.

MGEC

The following payroll changes are effective **December 17, 2025**:

- All salary ranges and rates shall be increased by 1.5% effective July 1, 2025, and by 1.75% effective July 1, 2026.
- Progression increases now occur on an employee's anniversary date.
- The Bilingual/Multilingual/Sign Language Differential and Phased Retirement pilots are no longer included in the main contract. As a result, the following earnings codes may no longer be used:
 - **L10** and **L50** - Language Differential Pay
 - **PRA** - Phased Retirement Accruals
- The following incentive pilots remain in place:
 - Equity Adjustment
 - **SLR** – Taxable Student Loan Reimbursement or **SLN** – Non-Taxable Student Loan Reimbursement
 - **ICV** - Recruiting Incentive
 - **REF** - Employee Referral Incentive

- Employees who are eligible to accrue sick leave and have insufficient hours may request up to 40 hours of sick leave for the purpose of bereavement leave. Once approved, agency staff are responsible for advancing the hours and ensuring the employee's balance is credited as the employee accrues, offsetting the advanced hours.
- The state-paid deferred compensation match has increased from \$500 to \$600.
- All employees will accrue sick leave beginning at ¼ hour worked.
- Employees separating from state service will receive a cash payout for accrued vacation hours, which has increased from 260 to 275 hours. However, Health Care Savings Plan (HCSP) rules may require that some or all of the payout be directed to the employee's HCSP account.
- Employees who are exempt under the Fair Labor Standards Act (FLSA) will now have holiday hours included as hours worked for the purpose of determining overtime pay.

Questions?

Agency Payroll, HR or Accounting staff should contact Jody Dahl with Statewide Payroll Services at 651-201-8206 or [by email](#) if there are questions.