

**MARYLAND STATE DEPARTMENT OF EDUCATION
OFFICE OF HUMAN RESOURCES**

SUBJECT: COMPENSATION POLICY

SECTION: HR – 4A

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EFFECTIVE: 11/1/99

REVISED: 1/1/02, 7/1/10

APPROVED: Original Signed by Dr. Grasmick, State
Superintendent

1. POLICY STATEMENT

- 1.1 It is the policy of the Maryland State Department of Education (MSDE) to provide for the consistent and equitable administration of compensation practices in accordance with applicable laws, regulations, and guidelines.
- 1.2 This policy applies to all Divisions/Offices within MSDE.
- 1.3 Each Division/Office within MSDE shall work with the Office of Human Resources (OHR) to ensure the fair, equitable, and consistent application of this policy.
- 1.4 The Deputy State Superintendent for Administration, with the concurrence of the State Superintendent, may approve exceptions to this policy that are consistent with the requirements of applicable State laws, regulations, and guidelines.

2. REFERENCE

- 2.1 State Personnel and Pensions Article, Title 8.
- 2.2 Education Article, Title 6 and 21.
- 2.3 COMAR 17.04.02.
- 2.4 Salary Guidelines for the Standard Salary Plan issued by the Department of Budget and Management (DBM).

3. DEFINITIONS

- 3.1 Demotion (Career Change) – When an employee accepts a voluntary demotion, the employee shall be placed in the lower paid classification at a rate of pay closest to, but not more than, the employee’s current salary.
- 3.2 Demotion (Discipline) – When an employee is demoted as a form of discipline, the employee shall be given credit for service in the higher classification from which the employee was demoted, plus credit for any service in any classification not having a lower maximum salary than the classification to which the employee was demoted.

- 3.3 Demotion (Voluntary) – When an employee accepts a voluntary demotion, the employee shall be placed in the lower paid classification at a rate of pay closest to, but not more than, the employee’s current salary.
- 3.4 Increment – An annual increase from one Step to the next higher Step within a Salary Grade.
- 3.5 Initial Appointment – An employee's first appointment in State service.
- 3.6 Midpoint – A step midway between the minimum and maximum rates of a Salary Grade or Step 9 as defined by DBM.
- 3.7 Promotion – An employee advances from a position in one classification to a different position in a different classification with a higher maximum rate of pay.
- 3.8 Reclassification – The change of a position from one classification to another classification and may be to a classification with a higher salary, lower salary, or the same salary.
- 3.9 Recruitment Difficulty – Inability to fill a position with a qualified individual in a reasonable time period following a good faith effort to create an applicant pool. Characteristics of recruitment difficulty include multiple recruitment efforts, small applicant pools of qualified individuals (generally three or less), or demonstrated labor market shortages in specific occupational areas.
- 3.10 Salary Adjustment – A change of salary for all positions within a classification.
- 3.11 Special Appointment – A position defined within the State Personnel and Pensions Article and determined by the Secretary of the Department of Budget and Management which provides direct support to a member of the Executive Service or is specified as a Professional Assistant under Section 2-104 of the Education Article.
- 3.12 Third Quartile – A Step representing the 75th percentile of a Salary Grade or Step 15 as defined by DBM.

4. POLICY CONTENTS

- 4.1 Employees are compensated according to the pay plan for their classifications. This policy applies to positions compensated on the Standard Pay Plan. The Standard Pay Plan salary schedules which are applicable to MSDE employees are the Standard Salary Schedule (Grades 5 - 26), the Physician Salary Schedule (Grades 31 - 40), and the Police Officer Salary Schedule (Grades 105 - 112).
- 4.2 Certain positions are compensated on the Institutional Educator Pay Plan that is governed by Title 6 of the Education Article and the Executive Pay Plan governed by Title 8 of the State Personnel and Pensions Article. Additional executive or legislative directives or

guidelines may also affect the operation of these pay plans. The provisions of this policy do not apply to these pay plans.

4.3 Salary Upon Appointment

- A. The Step to be offered current or former State employees, whether designated as a Non-special or Special Appointment position, shall be based on State guidelines for promotion, transfer, demotion, or reinstatement, whichever is applicable.
- B. Determination of the specific Step to be offered an initial appointment to State service shall be based on providing an increase of 6% over the candidate's current salary. The resulting salary may be higher or lower than employees in the same classification, option, and geographic area.
- C. When a new employee is appointed at an advanced Step due to recruitment difficulty, current employees who are in the same classification, option, and geographic area may be advanced to the same Step as the new employee, with the approval of the appropriate Deputy State Superintendents and DBM where applicable.
- D. Within applicable constraints, a Division/Office Head may propose a plan establishing a uniform hiring salary for all initial appointments in specified classifications. The plan shall be based on results of past recruitment activities, labor market data, availability of funds, and other relevant information. The Director of the Office of Human Resources will authorize implementation of the plan.
- E. An initial appointment to State service may be at any Step in the established range of a classification up to and including the Mid-Point (Step 9) for positions not designated as a Special Appointment or up to and including the Third Quartile (Step 15) for positions designated as a Special Appointment.
 - 1. A salary placement above Step 9 for a Non-special Appointment position requires the approval of the Secretary of DBM.
 - 2. A salary placement above Step 15 for a Special Appointment position is subject to endorsement by the Deputy State Superintendent for Administration, and the approval of DBM.
 - 3. All initial appointments above Step 9 or Step 15 respectively will be reviewed by OHR for impact on current staff and available funds, recruitment difficulty, and outstanding qualifications possessed by the selected applicant which exceed those of other applicants. The results of this review will be shared with the Division/Office Head before further processing. If the Division/Office head wishes to proceed with the selection, OHR shall compile the required documentation and seek the

necessary endorsements and final approval by DBM before an offer is made.

4. When an employee appointed to a Non-special Appointment position is granted an advanced Step because of recruiting difficulty and the employee vacates that job or position, his/her salary may be recalculated to provide credit only for length of State service; benefit of the advanced Step may not carry to the new position when recruiting difficulty is no longer applicable.

5. Emergency Temporary and Contractual Appointments

- An emergency temporary employee may be appointed at any step up to and including the maximum step of the Salary Grade with the concurrence of the Deputy State Superintendent for Administration for positions at Salary Grade 19 or above.
- A Contractual employee Step placement shall be determined in accordance with the applicable salary regulation and guidelines as governs the salary determination for Non-special and Special Appointment positions.
- When transferring to a budgeted position, a contractual employee with six months or more of contractual service shall receive service credit for purposes of establishing step placement in the budgeted position.

5.1 Salary After Reclassification

- A. When an employee is reclassified to a class one Salary Grade higher, the employee shall be placed at the lowest Step which provides at least a 6% increase in annual salary.
- B. When an employee is reclassified to a class two or more Salary Grades higher, except as in E below, the employee shall be placed at the lowest Step which provides at least a 12% increase in annual salary.
- C. When an employee is reclassified to a class with the same Salary Grade, the employee's salary will remain the same.
- D. When an employee is reclassified to a class with a lower Salary Grade, the employee is placed in accordance with the guidelines for the applicable type of demotion.
- E. When an employee is reclassified in the implementation of a new classification or classification series for which a higher Salary Grade is prescribed, the employee shall be placed at the lowest step which provides a 6% increase in annual salary.

5.2 Salary After Transfer and Reassignment

When an employee moves from one position to another position in the same Salary Grade, the employee's salary will remain the same.

5.3 Salary After Reinstatement

- A. When an employee is reinstated to the same classification that was held at the time of separation, the employee shall receive the current Salary Grade of the classification. Determination of the employee's Step shall be in accordance with the Salary Guidelines for the Standard Salary Plan issued by DBM.
- B. When an employee is reinstated to a different classification than the one held at the time of separation, determination of the employee's grade and Step shall be in accordance with the Salary Guidelines for the Standard Salary Plan issued by DBM.

5.4 Salary After Promotion

- A. When an employee is promoted to a classification one Salary Grade higher, the employee shall be placed at the lowest Step which provides at least a 6% increase in annual salary.
- B. When an employee is promoted to a classification two or more Salary Grades higher, the employee shall be placed at the lowest Step which provides at least a 12% increase in annual salary.

5.5 Salary After Demotion

- A. When an employee is demoted as a form of discipline, the employee shall be placed at the Step in the lower grade which gives credit for service in the higher classification plus credit for service in any classification not having a lower maximum salary than the classification to which the employee was demoted.
- B. When an employee accepts a voluntary demotion, the employee shall be placed in the lower paid classification at the pay rate closest to, but not more than, the employee's current salary.
- C. When an employee accepts an approved career demotion, the employee shall, if possible, be placed in the lower paid classification at the lowest Step which provides for no loss in pay.

5.6 Increments

- A. If funds are available in the State budget, a one-Step increase shall be granted to an employee paid in a Salary Grade who is rated Satisfactory or higher on the employee's final Performance Planning and Evaluation appraisal immediately preceding the employee's increment date. Once the maximum rate of the Salary Grade is attained, no additional Steps will be paid.

- B. An employee with an entry on duty date between July 1 and December 31 has an increment date of July 1.
- C. An employee with an entry on duty date between January 1 and June 30 has an increment date of January 1.
- D. When an increment is denied for any of the reasons specified in the State Personnel and Pensions Article or related regulations, the employee is not eligible for another Step increase until the employee's next increment date.

5.7 Salary Adjustment of a Classification

When an employee is in a classification which is adjusted from one Salary Grade to a higher Salary Grade, the employee shall retain his/her current step in the higher Salary Grade.

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SUBJECT: PROCEDURE FOR IMPLEMENTING AND
MANAGING THE COMPENSATION POLICY

SECTION: HR – 4A
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APPROVED: Original Signed by Dr. John Smeallie, Deputy State
Superintendent for Administration

1. GUIDELINES

- 1.1 The Office of Personnel Services and Benefits within the Department of Budget and Management (DBM) has adopted guidelines governing the administration of the Standard Salary Plan. These guidelines affect salary placement upon initial appointment, reclassification, transfer, reinstatement, promotion, and demotion.
- 1.2 The provisions of this policy govern those salary determinations which are at the discretion of the Maryland State Department of Education (MSDE).
- 1.3 The Office of Human Resources (OHR) is responsible for administering compensation in MSDE. Implementation of certain aspects of this policy has been delegated to the Division of Rehabilitation Services Human Resources Office (DORS HRO).

2. APPLICABILITY

- 2.1 This procedure applies to all Divisions/Offices within MSDE, including contractual and temporary emergency employees, except for those in positions paid on the Institutional Educators Pay Plan and the Executive Pay Plan.

3. PROCEDURAL STEPS

- 3.1 Salary Upon Initial Appointment
 - A. OHR and DORS HRO will calculate the salary to be offered to the selected applicant in accordance with the provisions of the State Salary Guidelines and this policy, and review the impact of that salary on the organizational unit.
 - B. If the salary recommended by the Division/Office exceeds 6%, OHR or DORS HRO shall complete the **Request to Hire Above Six Percent Salary Increase (Form 07 SE)** and secure approval from the Division/Office Head.
 - C. If the salary to be offered exceeds that of other employees in the same classification, option, and geographic area and there is recruitment difficulty, the salary review will include the cost of increasing the step of current employees to that of the new hire. The Division/Office Head or designee will be informed of the results of the salary review and consulted to determine the maximum salary to be offered.

- D. If the salary to be offered exceeds the mid-point of the scale for a Non-special Appointment or the 3rd Quartile for a Special Appointment position OHR or DORS HRO shall complete the **Request to Hire Above Step Limitation** (Form 07 SE) and secure approval from the Division/Office Head.
- Based on supporting documentation from the Division/Office Head, OHR secures the endorsement of the Deputy State Superintendent for Administration for positions at salary grade 19 and above;
 - OHR completes the prescribed documentation to seek DBM approval for the requested Step placement; their determination must be received before an official offer may be made to the selected applicant.
- E. Official salary offers will be made only by OHR or DORS HRO.

3.2 Salary Following Other Personnel Actions

OHR or DORS HRO will calculate the new salary in accordance with the State Salary Guidelines and this policy, then will inform the Division/Office Head or designee and the employee of the salary.

3.3 Increments

- A. OHR or DORS HRO will ensure that employees receive authorized increments as provided in the State budget and in accordance with State Salary Guidelines and other DBM directives.
- B. Employees who are denied an increment for any reason shall be informed of the reason for the denial and of the appropriate appeal procedure. If the increment is denied due to performance, the employee shall be given a **Notice of Denial of Increment for Reasons of Performance (Form MS 5)** at the time of their performance evaluation.

4. REQUIRED FORMS

- 4.1 **Request to Hire Above Six Percent Salary Increase** (Form 07 SE)
- 4.2 **Notice of Denial of Increment for Reasons of Performance** (Form MS 5)