

Michigan Civil Service Commission

Regulation 5.01

Subject: General Pay Schedule Administration		
SPDOC No.: 25-10	Effective Date: September 28, 2025	Replaces: Reg. 5.01 (SPDOC 22-15, January 1, 2023)

1. Purpose

This regulation establishes standards to administer pay schedules approved by the commission.

2. CSC Rule References

5-1 Civil Service Compensation Plan

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5-1.2 Amendments to Compensation Plan

The civil service commission may amend the compensation plan at any time, consistent with article 11, section 5, of the constitution. The state personnel director may submit to the commission recommended amendments to the compensation rules at any time. The director shall also submit to the commission for its review (1) any proposed collective bargaining agreement or amendment agreed to by the state employer and an exclusive representative, (2) any recommendation of the impasse panel, and (3) any recommendation of the coordinated compensation panel.

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5-2 Hours of Service

5-2.1 Work Period

(a) Standard work period. The standard biweekly work period for a full-time employee in the classified service is the equivalent of 80 hours of work.

(b) Alternative work periods. The state personnel director may issue regulations that establish alternative work periods and measures of equivalent full-time service. The regulations may conform the compensation plan to the alternative periods and measures.

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5-3 Compensation Schedules

5-3.1 Compensation Schedules

The civil service commission shall approve compensation schedules that establish the rates of compensation for each class of positions in the classified service. The rates of compensation authorized

are for full-time employment. Payment for part-time service is proportionate to the time actually worked. If a new classification is added to the classification plan, the state personnel director shall initially establish the rates of compensation for the classification.

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5-3.3 Individual Compensation

The appointing authority shall assign the individual level of compensation for each classified employee as provided in the compensation plan. The individual level of compensation must fall within the range of rates of compensation approved by the civil service commission for the employee's classification level. If the appointing authority implements an approved salary-range subdivision, the individual level of compensation of an employee subject to the subdivision must also fall within the approved agency range of rates for the subdivision. Any exception must be approved by the state personnel director.

5-3.4 Operation of Compensation Schedules

An employee in the classified service cannot be paid less than the minimum nor more than the maximum authorized in the compensation plan, unless authorized by the state personnel director.

- (a) Initial appointment.** On initial appointment, an employee is paid the minimum salary step in the salary range unless the appointing authority chooses to pay a higher initial salary as authorized in the compensation plan.
- (b) Schedules with steps.** If the compensation plan creates steps in the pay range, an employee receives pay increases in the amounts and at the intervals provided in the compensation schedule for the employee's classification level. An employee under an unsatisfactory probationary or interim rating is ineligible for a step increase.

 - (1) Effective date.** Any pay increase is effective at the beginning of the first pay period after the employee becomes eligible.
 - (2) Advancement.** An employee advances in pay by successive steps of the pay range for the employee's classification level, as provided in the compensation plan, unless a special increase is granted in accordance with the compensation plan.
 - (3) Reduction of pay.** An appointing authority may, for cause, reduce the pay of an employee receiving more than the minimum step for the classification level.
 - (4) General schedule revision.** If the compensation schedule is amended, an employee is paid at the salary step corresponding in length of service to the step at which that employee was being paid in the previous salary range for the classification level.

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- (e) Salary rate for temporary projects.** Upon request of an appointing authority, civil service staff may approve alternative or supplemental compensation that exceeds the scheduled maximum rate of pay for an employee assigned to a temporary project. The appointing authority must receive written authorization for the project pay from civil service staff before the employee is assigned to

the project. Temporary project pay may not exceed two years without the written authorization of the state personnel director.

- (f) Red-circled pay treatment.** *The state personnel director may authorize an employee's salary to be red-circled. An employee whose pay is red-circled continues to be paid at the employee's red-circled salary rate until the scheduled maximum salary of the employee's classification or classification level equals or exceeds the red-circled salary rate. An employee whose salary is red-circled is not eligible for any portion of a general wage adjustment that exceeds the maximum of the employee's classification or classification level.*

5-3.5 Salary Rate upon Change in Classification, Return from Layoff, or Reinstatement

An employee who moves from one classification to another and who returns from layoff or is reinstated after separation is paid in the new classification at the appropriate salary step in accordance with the compensation plan.

3. Standards

- A. Full- and Part-time Employees.** All annual, monthly, and biweekly rates of pay authorized in the compensation plan are for full-time employment. Payment for part-time employment is based on time in pay status.

B. Compensation Plan Establishment and Amendment.

1. **Establishment.** The commission has established a compensation plan covering all classified positions with salary ranges assigned for all classification levels.
2. **Schedule amendments.** The commission amends pay schedules as necessary. If schedules are amended, pay is set as follows:
 - a. **General pay schedule adjustment.** An employee remains at the same step in the adjusted range, unless the commission has authorized a different step.
 - (1) An employee at a red-circle rate is ineligible for a general pay schedule adjustment, unless the adjustment increases the employee's appropriate salary range's maximum above the red-circle rate, at which time the appropriate range's rate replaces the red-circle rate.
 - (2) An employee in a frozen position is eligible for general increases.
 - b. **Newly established classification.** Salary for appointments to a newly established classification is determined under § 3.F.

- C. Salary Range.** Unless specifically authorized in the compensation plan, an employee cannot be paid less than the minimum or more than the maximum of the classification level's assigned salary range. The employee is paid only at precise increments in the pay schedule, except as provided below.

1. **Red-circled employees.** An employee designated as red circled is paid at a rate above the assigned classification's maximum salary rate. If moving to a different position, the employee cannot retain the red-circled pay.
2. **Special project basis.** For employment on a project not involving continual employment, the director may establish an alternative hourly pay rate or lump-sum award above the scheduled maximum. The appointing authority must request project pay before the assignment. Project pay is not intended for projects of limited scope or that are consistent with or expected of duties generally assigned to a position or class.

D. Movement Within the Salary Range. An employee progresses from one step to the next step within a salary range upon completing the required number of hours in pay status in satisfactory standing.

1. **Unsatisfactory rating.** An employee who receives an unsatisfactory rating does not have time in pay status credited as hours since step while the rating is in effect. Upon return to satisfactory status, earning hours since step resumes.
2. **Teacher schedules.** An employee assigned to a 42- or 46-week teacher pay schedule progresses to the next step upon completing the required number of hours in the annual work schedule in satisfactory standing. An employee in a teacher classification who qualifies for a higher pay schedule by completing educational requirements is paid at the same step in the new schedule and retains hours since step.
3. **Accelerated step increases.** The director may authorize advancing an employee whose current rating is satisfactory to a higher step in the salary range early upon application by the appointing authority.
 - a. An appointing authority may advance an employee without prior approval if the employee has (1) completed special assignments that resulted in a major benefit to the employee's agency or performed outstanding service for documented reasons since their pay was last adjusted by other than a general wage increase and since completing any transition period; or (2) had a pay rate determined under § 3.F and one additional step is necessary to provide additional pay in special documented circumstances.
 - b. Special step increases are normally limited to the next step in the range. The appointing authority must document all special step increases, including justification for the step increase and granting multiple steps. The documentation must be retained for audit, in accordance with retention schedules.
 - c. Special step increases are normally prospective. If an appointing authority processes an increase retroactively based on documented extenuating circumstances, any retroactivity is limited to seven pay periods before processing.

4. **Reducing pay.** The appointing authority must receive prior approval from the director to reduce an employee's salary. Requests must contain all pertinent information, including the amount of and justification for the reduction. The employee's pay rate cannot be reduced below the classification level's minimum.

E. Salary Upon Hire or Rehire. Except as provided in this subsection, upon initial appointment to a position or appointment after a break in service, an employee is paid the salary range's minimum rate. For an appointment to a level in a class series in which the level's minimum rate is less than the minimum or end-of-six-months' rate of a lower level in the class series, an appointing authority may hire at the lowest step that is greater than the highest of the lower level's minimum or end-of-six month step that exceeds the level of appointment's minimum. The director may authorize a higher starting rate upon the appointing authority's written request. If documentation is retained for later audit, an appointing authority may authorize a higher starting rate without prior director approval if:

1. The position has been vacant for a long time and there is difficulty recruiting for the particular position.
2. The prospective employee is currently employed outside the classified service with an annual salary above the minimum and a higher rate is necessary to attract the prospective employee. Inconsistent or non-wage income, including income from self-employment or as an independent contractor, does not support a higher rate under this subsection.
3. The prospective employee has special experience or education directly related to the position's duties well beyond the minimum qualifications in the specification for the position's classification. Special experience may include prior experience as a state employee directly related to the position's duties. Any higher starting pay must be reasonably commensurate with the special experience or education. Performance of minimum educational or experience requirements for a classification are insufficient to support a higher rate under this subsection.

F. Salary Upon Action Other Than Hire, Reduction in Force, or Recall.

1. If the former and new classification level have the same pay range or if the employee is moving between included and excluded positions at the same classification level, the employee is placed at the same step in the range. If the maximum rates are the same but the steps are different, the employee is placed at the closest rate without a decrease. Hours since step are retained.
2. If the new classification level's maximum rate is higher than the former classification level's, the employee's pay rate is the lowest step in the new classification level's range that reflects a salary increase that is not less than the difference between the minimum

and first step in the former classification level's range, if possible. Hours since step are set to zero.

3. If the new classification level's maximum rate is less than the former classification level's, the employee is placed at the closest step in the new range that reflects no increase. Hours since step are retained. An employee with over 1,040 hours since step moving to a 1,040-hour step receives the step increase in the new classification upon job change and hours since step are reset to zero.
4. If an employee moves within a classification and level to a new HRMN pay grade solely because of completing education requirements, the employee is placed at the same step in the new pay grade and retains hours since step (e.g., Services Specialists.) Teacher salary schedules are covered under § 3.D.2.
5. If due a step increase or preauthorized reclassification on the same day as this standard is applied, the employee receives the step or preauthorized reclassification increase before determining step placement in the new range.

G. Salary Upon Reduction in Force. An employee who is moved to a different classification because of a reduction in force is placed at the closest step in the new range that reflects no increase. Hours since step are retained.

H. Salary Upon Recall. A recalled employee's pay rate is determined based on the rate and range when displaced in conjunction with § 3.F. Hours since step are retained.

I. Salary for Working Out of Class (WOC). WOC pay to an eligible employee is calculated under § 3.F.2 and regulation 4.08 for a position with salary steps. For WOC pay for a position in a performance-pay classification, regulation 5.07 applies. The appointing authority must retain adequate documentation to substantiate WOC pay for audit.

J. Salary Upon Return from Leave. If an employee returns from an approved leave of absence, the pay rate and hours since step are set as follows:

1. If an employee returns to a position in the same classification level, the employee returns to the same step in the range as when the leave began. The employee's hours since step are retained.
2. If an employee returns to the same position, but the position has been reclassified to a higher level, the employee's pay rate is determined under § 3.F.2.

K. Salary Upon Return from Military Leave. If an employee returns to the same position from an approved military leave and the last service rating before the leave was satisfactory, the employee is placed at the step that would have applied had there been no interruption of state service. If the last service rating before the leave was unsatisfactory, the employee is placed at the same step as when the leave began.

L. Trainee and Transitional Positions. An employee appointed to a trainee or transitional position has salary set as follows:

1. Upon appointment, the employee maintains the current pay rate if less than or equal to the maximum of the classification level to which the employee will be reclassified after the transition period. If paid more than the classification level to which the employee will be reclassified, the employee is paid the maximum of the classification level to which the employee will be reclassified.
2. Upon completing the transition period, the employee is reclassified to the appropriate classification and assigned the closest rate in the new pay schedule that is not a decrease.

M. Noncareer Positions in Broadbanded Classes. In noncareer classes without steps, an appointing authority may grant an increase within the authorized pay range after 13 pay periods have passed since appointment or a previous increase.

N. Training Rate Upon Job Change in ECP Group 1. Upon appointment to a new class series at the entry or intermediate level in ECP Group 1, a training rate may be available.

1. If the employee's current rate exceeds the new level's maximum rate, the step is set at the lesser of the current rate and the maximum rate for the experienced level of the new series. Civil Service will authorize the training-pay schedule so the appointing authority can enter a rate above the maximum. When an employee is eligible to exit the training rate, the closest rate in the new pay range that is not a decrease is assigned.
2. If the employee's current rate is less than the new range's maximum, pay is set at the closest step in the new range without a decrease. Hours since step are retained.

O. Waived Rights Leave or Reinstatement. An employee rehired from an unexpired waived rights leave or reinstated has pay and hours since step set consistent with § 3.J if returning to the same classification and level or § 3.F if returning to a different classification.

P. Special Work Schedule. Employees at the Michigan School for the Deaf who work on a school-year basis are considered annual employees for service-credit purposes.

Q. Exceptions. Exceptions to standards in this regulation require the director's approval.

CONTACT

Questions on this regulation may be directed to Compensation, Civil Service Commission, P.O. Box 30002, 400 South Pine Street, Lansing, Michigan 48909; at 517-241-0837; or MCSC-Compensation@mi.gov.