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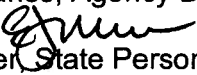
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## Interpretative Memorandum 2011- 001

Date: April 19, 2011

To: Cabinet Secretaries, Agency Directors and Human Resources Managers

From: Eugene J. Moser  State Personnel Director

Subject: Temporary Pay Mechanisms

### **1. Purpose**

This shall serve to interpret State Personnel Board (SPB) Rules and provide guidance with respect to salary upon temporary promotion<sup>1</sup>, temporary salary increase<sup>2</sup>, temporary recruitment differential<sup>3</sup>, and temporary retention differential<sup>4</sup>.

### **2. Background**

Temporary pay mechanisms originally were designed to address unusual and infrequent compensation issues on a temporary basis until permanent resolutions could be initiated. To accomplish this time restrictions were imposed on the duration of these increases. In the past few years, as budgets became tighter and regular adjustments to employee pay were not authorized along with restrictions on other personnel and classification actions, utilization of these "temporary" pay mechanisms increased significantly while the SPB Rules restriction on the length of time these increases could be awarded were not applied consistently. Additionally, plans to resolve the issues were not presented.

<sup>1</sup> NMAC 1.7.4.12 Subsection K

<sup>2</sup> NMAC 1.7.4.12 Subsection L

<sup>3</sup> NMAC 1.7.4.13 Subsection A

<sup>4</sup> NMAC 1.7.4.13 Subsection B

### 3. Guidelines

#### A. Salary upon Temporary Promotion

- i. Employees that qualify for a temporary promotion are eligible to receive a salary increase as administered in accordance with a salary upon promotion.<sup>5</sup>
- ii. The temporary promotion salary increase, pursuant to rule, shall be stopped either when the temporary condition for the promotion ceases to exist or at the end of the twelve (12) month period from the effective date of the salary increase whichever occurs first.<sup>6</sup>
- iii. Based upon SPB rules a temporary promotion salary increase shall not be extended beyond either when the condition lapses or the twelve (12) month period ends.

#### B. Temporary Salary Increase

- i. For those employees accepting and consistently performing additional duties characteristic of a job requiring greater responsibility or accountability and or a higher valued job, an agency may grant with the approval of the State Personnel Office (SPO) Director up to a fifteen (15) percent temporary salary increase. The SPO director may also approve such an increase to exceed the maximum of the employee's current pay band.<sup>7</sup>
- ii. Agencies are encouraged to either seek reclassification of the employee's position, or to fill vacant positions that may be causing the reassignment of duties. By so doing a permanent solution will be taken rather than deferring appropriate action.
- iii. When such requests are received, the SPO Director will prior to approval request that the position and duties be reviewed by SPO staff to verify the expanded role, justification for the request and evaluate why other resolutions cannot be used.
- iv. Temporary salary increases by rule shall be discontinued either when the temporary conditions cease to exist or at the end of the twelve (12) month period from the effective date of the salary increase whichever occurs first.<sup>8</sup>
- v. Based upon this rule a temporary salary increase shall not be extended beyond either when the condition lapses or the twelve (12) month period.

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<sup>5</sup> NMAC 1.7.4.12 Subsection D

<sup>6</sup> NMAC 1.7.4.12 Subsection K

<sup>7</sup> NMAC 1.7.4.12 subsection L

<sup>8</sup> NMAC 1.7.4.12 Subsection L

C. Temporary Recruitment Differential

- i. SPB rules provide that the SPO Director may authorize a pay differential up to fifteen (15) percent of an employee's base pay to an employee who fills a position which is documented as critical to the effective operation of the agency and has been demonstrated and documented to be a severe recruitment problem for the agency.<sup>9</sup>
- ii. Payments of this differential shall be separate from the employee's base pay.<sup>10</sup>
- iii. The SPO Director will work with the agency to ascertain if in pay band adjustments for the employee or if the pay band is appropriately assigned that may provide a long term solution.
- iv. If a temporary recruitment differential is granted the agency must justify to the SPO Director on at least a biennial basis that the circumstances still exist to warrant the increase and what other options have not been or cannot be initiated.<sup>11</sup>

D. Temporary Retention Differential

- i. SPB rules provide that the SPO Director may authorize a pay differential up to fifteen (15) percent of an employee's base pay to an employee who fills a position which is documented as critical to the effective operation of the agency and the employee's departure would disrupt the agency's ability to fulfill its mission.<sup>12</sup>
- ii. Payments of this differential shall be separate from the employee's base pay.<sup>13</sup>
- iii. The agency must provide a detailed plan that outlines how they intend to resolve the problems associated with the retention difficulties.<sup>14</sup>
- iv. The SPO Director prior to granting an approval will explore with the agency alternative solutions to include in pay band adjustments or pay band changes that may provide a long term solution.
- v. SPB rules provide that the SPO Director may approve this increase for up to one year. An agency at least annually may request an extension by demonstrating to the SPO Director the circumstances which warrant continuation of the increase.

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<sup>9</sup> NMAC 1.7.4.13 Subsection A

<sup>10</sup> NMAC 1.7.4.13 Subsection A(1)

<sup>11</sup> NMAC 1.7.4.13 Subsection A(1)

<sup>12</sup> NMAC 1.7.4.13 Subsection B

<sup>13</sup> NMAC 1.7.4.13 Subsection A(1)

<sup>14</sup> NMAC 1.7.4.13 Subsection B(1)