

(5) the financial condition and policies of this State.

(c) [(1)] A pay rate in either pay plan is subject to any limitations included in the State budget.

[(2) The starting pay rate for an employee whose position is in the Executive Pay Plan may not exceed the pay rate set for the second step of the grade specified for the position, unless:

(i) exceptional circumstances exist; and

(ii) the Board of Public Works approves the higher starting pay.

(3) The pay rate for a physician in the Department of Health and Mental Hygiene whose position is in the Executive Pay Plan shall be set in accordance with the physician-administrator pay schedule.]

8-108.

(a) This section applies only to the Executive Pay Plan.

(b) (1) An increase in a pay rate under this subsection[:

(i) may be given only with the approval of the Governor; and

(ii)] shall be based on the employee's performance.

(2) For or during a fiscal year, the head of a unit may recommend an increase in an employee's pay rate above the rate for the previous fiscal year [by one step] in the same grade IN ACCORDANCE WITH GUIDELINES PROMULGATED BY THE SECRETARY, PROVIDED THAT FUNDS ARE AVAILABLE.

[(3) For or during a fiscal year, in recognition of the employee's exceptional performance, the head of a unit may recommend an increase in an employee's pay rate above the rate for the previous fiscal year by two steps in the same grade.

(4) Subject to § 2-1246 of the State Government Article, the Secretary shall notify the Department of Legislative Services, on or before January 1 and July 1 of each year, of any pay adjustments made under this subsection during the preceding 6 months.]

(c) (1) A pay increase under this subsection may be made[:

(i)] to recruit or retain competent employees[;] or

[(ii) for any other reason that the Board of Public Works approves] TO RECOGNIZE INCREASED DUTIES AND RESPONSIBILITIES.

(2) Subject to the approval of [the Board of Public Works,] the Governor, THE SECRETARY may approve:

(i) [a pay increase above the rate for the previous fiscal year of more than two steps in the same grade;