Chapter 21  Compensation

21-1  Purpose

This chapter describes the guidelines for determining compensation for Washington State Department of Transportation’s (WSDOT) non-represented employees. This chapter does not include rules and procedures for Exempt or WMS employees unless otherwise specified. For employees represented by a bargaining agreement, please refer to the specific Collective Bargaining Agreement (CBA) for more information. WSDOT is committed to a pay philosophy that will attract and retain a high quality workforce, fairly compensate employees for work assigned and performed, and provide flexibility and consistency in salary decisions.

21-2  Salary Setting Guidelines

WSDOT is committed to maintaining salary guidelines which will allow appointing authorities the flexibility necessary to employ and retain a high quality workforce with consistent salary setting procedures that ensure compliance with all State and Federal regulations.

A. New Employee – Upon appointment, a new employee's base salary will be established at a step within the designated salary range, up to Step L, for the position to which the person is being appointed. When determining the initial base salary, the appointing authority may consider:
   • The employee's education and/or work experience in relation to the competencies and requirements of the position.
   • The employee's salary history.
   • Relevant knowledge, skills, and abilities.
   • Recruitment and/or retention issues.
   • Internal WSDOT salary alignment.
   • Other relevant business factors.
   • Using Step M to address issues related to recruitment, retention or other business related reasons, such as equity, alignment, or competitive market conditions.

   1. Approvals – with appointing authority approval, supervisors will appoint a candidate at a step within the designated salary range assigned to the position. An appointment notification will be provided to the employee with a copy kept in the employee's personnel file.

B. Transfer and Reassignment – An employee who accepts a transfer to a position within the same salary range will normally retain their base salary. If an employee transfers from a position approved for assignment pay to a position not approved for assignment pay, the assignment pay provisions will no longer apply. The base salary may be set higher, not to exceed step M of the salary range for reasons including, but not limited to:

   1. The employee's education and/or work experience in relation to the competencies and requirements of the new position.
   2. Relevant knowledge, skills, and abilities.
3. Recruitment and/or retention issues.
4. Internal WSDOT salary alignment.
5. Other relevant business factors.

If an employee was at step M in a position prior to transfer or reassignment, then they may be placed at step M within the new position.

C. **Reallocation** – An employee whose position is reallocated to a classification that has a higher salary range maximum will have their base salary calculated as a promotion (see II.D. below).

The base salary of an employee whose position is reallocated to a classification with the same salary range will normally be retained. Additional compensation, not to exceed step M of the salary range, may be granted for reasons including, but not limited to:

1. The employee's education and/or work experience in relation to the competencies and requirements of the new position.
2. Relevant knowledge, skills, and abilities.
3. Recruitment and/or retention issues.
4. Internal WSDOT salary alignment.
5. Other relevant business factors.

Employees reallocated to a position with a lower salary range will be placed in the new salary range at their current salary. If the new salary range does not include an exact step equal to the employee's current salary, the employee's salary will be set to the next highest step in the new salary range. If the employee's current salary exceeds the maximum of the new range, the employee will maintain their current salary, known as a "y-rate". Employees whose base salaries are set above the maximum of a salary range will not receive legislatively approved general wage increases unless the appropriation specifically states that such employees will receive the increase; or the top step of the adjusted salary range exceeds the employee's current salary.

D. **Promotion** – Upon promotion, an employee's base salary will increase at least two steps from the salary prior to the promotion, but may not exceed step M of the new salary range. Justification, approved by the appointing authority, for increasing beyond two steps, not to exceed step L, may include, but not be limited to:

1. Significant increase in duties and responsibilities warranting greater compensation.
2. Relevant knowledge, skills, and abilities.
3. Internal WSDOT salary alignment.
4. Employee retention.
5. To bring the employee to the minimum of the salary range of the new position.

Agency practice is to provide a 5% increase (2 steps) from the salary prior to the promotion when the new salary range is up to five (5) ranges higher than the current salary range or a 10% increase (4 steps) from the salary prior to the promotion when the new salary range is six (6) or more ranges higher than the current salary range.
E. **Demotion** – The base salary of an employee who is demoted for any reason other than a layoff action must be set within the salary range of the new position. The appointing authority, in consultation with the Regional Human Resource Manager or assigned Human Resource Consultant will determine the step within the new range to which the employee is demoted, based on the reasons for the demotion.

If the employee voluntarily demotes, the following factors will be considered in setting the base salary:

1. The number of ranges involved in the demotion.
2. The prior salary history of the employee.
3. The employee's education and/or work experience in relation to the competencies and requirements of the position.
4. Other relevant business factors.

If the employee is demoted for cause, the specific circumstances of the action(s) warranting demotion will be considered in determining the employee’s new base salary.

An employee cannot be appointed to step M upon demotion (voluntary or involuntary) unless the employee was at step M of the salary range from which the employee is demoting or the employee was previously at step M in the salary range of the class the employee is demoting to.

F. **Elevation** – An employee who is elevated following a demotion, to a job class that they have previously held permanent status in will have their salary set in the same manner as for promotion (see II. D. above).

An employee who is elevated to a class that is between the current class and the class from which the employee was demoted, shall receive a minimum increase of two steps not to exceed step M of the salary range.

G. **Reversion** – When an employee is reverted to a position following a promotion or transfer, the base salary will be set at the step the employee would have attained had they not left the position.

If an employee is reverted following a voluntary demotion, the receiving appointing authority, in consultation with the Human Resource Consultant, will determine the base salary. The employee’s base salary, not to exceed step L of the salary range, will be determined by the following factors:

- The employee's salary history.
- Relevant knowledge, skills, and abilities.
- The number of ranges involved in the demotion.
- The employee's education and/or work experience in relation to the competencies and requirements of the position.
- The base salary the employee would have received had they not demoted.
- Available fiscal resources.
- Other relevant business factors.
H. **Layoff** – An employee who accepts a layoff option or is appointed from the internal or statewide layoff list to a position with the same salary range will maintain their previous base salary from which they were laid off.

If an employee is appointed from the internal or statewide layoff list to a position with a lower salary range maximum, the employee's base salary will be placed within the new range at a salary equal to the employee's previous base salary from which the employee was laid off. If the previous base salary exceeds the new range, then the salary must be set at step M of the new salary range. If the employee was already at step M, then they will be placed at step M within the new salary range.

If an employee accepts a demotion in lieu of layoff, or accepts a layoff option to a position with a lower salary range maximum, the employee will be placed within the new range at a salary equal to the employee's previous base salary. If the previous base salary exceeds the new range, then the salary must be set at step M of the new salary range. If the employee's previous base salary was at step M of the salary range, then they will be placed at step M of the new salary range.

I. **Part Time Employees** – Part-time salaried employees semi-monthly rate is determined by their expected work percentage as entered in HRMS, multiplied by the semi-monthly rate of a full time employee. If the employee reports less or more paid hours than the expected percentage, Payroll must coordinate an adjustment of either hours or percentage to ensure proper compensation. On a pay statement, this may appear as though the hourly rate is fluctuating. Part-time hourly employees are paid a fixed hourly rate multiplied by the total reported pay hours.

J. **Salary Above Max** – An employee's base salary may be set above the maximum of the salary range assigned to the position's classification when allowed under the provisions of **Title 357-28** Washington Administrative Code (WAC) in accordance with WSDOT policy or when approved by the State Human Resource Director.

If an employee's base salary is set above the maximum of the salary range, any salary increases approved by the legislature shall not move the base salary of the employee unless (1) the range maximum exceeds the employee's base salary after the increase; or (2) the legislature specifically provides for increases for employees currently above the top step of their salary range.

K. **Return from Project or Acting Appointment** – Upon return to a permanent position from a project position, an acting WMS positions, or a non-permanent appointment, the employee's base salary will be set to the salary they left, plus any legislatively approved cost of living adjustments or PID that would have occurred.
21-3  **Rules for Establishing the Periodic Increment Dates (PID) of General Service Permanent and Non-permanent Employees**

The Periodic Increment Date (PID) is the date on which an employee automatically advances to a higher step in the salary range per the conditions set forth in WAC 357-28-055. The following rules prescribe how the PID is determined.

A. For an employee appointed to a position before July 1, 2005, the employee’s periodic increment date as of June 30, 2005 is retained.

B. For an employee appointed to a position on or after July 1, 2005, whose base salary is set at the minimum of the salary range, the periodic increment date is six months from the date of appointment.

C. For an employee appointed to a position on or after July 1, 2005, whose base salary is set above the minimum but below step L of the salary range, the periodic increment date is twelve months from the date of appointment.

D. For an employee appointed to a position on or after July 1, 2005, whose base salary is set at step L of the salary range, the period increment date will be established at the time of promotion to a higher level position in accordance with B or C above, whichever is applicable at that time.

E. Once an employee’s periodic increment date is set, it remains the same unless:
   1. The periodic increment date is advanced or postponed in accordance with WAC 357-28-070; or
   2. The periodic increment date is adjusted for leave without pay in accordance with WAC 357-31-345.
   3. The periodic increment date is reset in accordance with subsections (B) and (C) of this section when an employee is rehired after a break in service.

21-4  **Work Schedule Rules**

The standard work schedule is five consecutive days a week/eight hours a day. A work schedule should be identified for every employee. Each year, the Payroll Office will distribute a list of available work schedules these will be designated by a number, i.e., Schedule 01. WAC 357-28-225 also provides for flexible time schedules. Requests for other than standard schedules may be denied for business reasons. Work schedule changes must be pre-approved by the employee’s supervisor.

A. Employees who wish to work other than a standard schedule should submit a request to their supervisor using the following procedure:
   1. The employee must submit a written request for a schedule change at least 14 days prior to the expected start of the new schedule.
   2. The supervisor reviews and approves or denies the request. If denied, the supervisor must provide a response to the employee. If the supervisor approves the request, and the employee’s organization has not yet implemented DOTtime, it is forwarded to the appropriate Payroll Office. If an employee’s organization has implemented DOTtime, the supervisor enters the approved schedule into DOTtime.
21-5  Work Period Designations

A work period designation has been established for every position in accordance with the provisions of state and federal wage and hour laws. For full-time positions, employees are scheduled to work 40 hours in a workweek. For part-time positions, employees are typically scheduled to work less than 40 hours in a workweek. Employees may be required to adjust their daily schedule to accomplish the work assigned.

Per WAC 357-28-240, all positions will be designated as either overtime eligible or overtime exempt. The designation determines eligibility for overtime and other forms of pay such as call back, standby, etc. Overtime eligibility is determined for each position in accordance with the Fair Labor Standards Act (FLSA). Positions that do not meet exemption criteria in FLSA are designated overtime eligible. Positions that meet FLSA exemption criteria are exempt from overtime provisions.

Changes to the designation of overtime exempt to overtime eligible may be approved at HQ HR Classification and Compensation. Changes from overtime eligible to overtime exempt must be submitted to the Classification and Compensation Manager to obtain approval from the State Human Resource Director.

21-6  Overtime Rules and Procedures for Overtime Eligible Employees

A.  Authorization

1. Prior authorization from the appointing authority/designee is required for overtime.

2. The authority to authorize overtime for overtime eligible employees is the prerogative of the appointing authorities as required in Executive Order E 1012.04 Delegation of Authority.

3. Managers delegated the authority to authorize overtime may adjust an employee's workweek ensuring a minimum of 40 hours in the workweek and thereby not incur an overtime penalty due to a management initiated schedule change.

B.  Eligibility

1. The following conditions constitute overtime for overtime eligible employees:
   a. Work in excess of 40 hours in one workweek.
   b. Work on a holiday per WAC 357-28-200.
   c. For full-time employees, work on a scheduled day off when assigned by the employer.

2. All paid holidays, including Personal Holiday, during the employee's regular work schedule are considered time worked. Leave with pay during the employee's regular work schedule is not considered time worked for purposes of determining overtime eligibility.

3. When an overtime eligible employee experiences a schedule change which causes an overlap in workweeks, and requires work in excess of 40 hours in either the previous or current workweek, the employee must receive overtime compensation.
4. Compensation under the provisions of this section must be in accordance with this policy, as approved by the State Human Resource Director, for employees dispatched to emergency response duty under an incident command system as defined in RCW 38.52.010.

C. Overtime Compensation

1. Overtime eligible employees authorized to work overtime shall receive monetary compensation. However, with agreement between the employee and the employer, compensatory time off at one and one-half time the overtime hours worked may be granted in lieu of pay.

2. For purposes of computing eligibility for overtime compensation, paid holidays (including Personal Holiday) during the employee's regular work schedule are considered time worked. Leave with pay during the employee's regular work schedule is not considered time worked.

3. All overtime earned, including that to be taken as compensatory time, shall be paid at the rate of one and one-half times the employee's regular rate.

D. Liquidation of Accrued Compensatory Time

1. Employees may accumulate no more than the maximum number of hours of compensatory time allowed under FLSA. Compensatory time will be paid out when the balance exceeds the maximum, which is 240 hours, at the end of each biennium, or when the employee terminates employment with WSDOT; whichever occurs first.

2. Employees who terminate employment with WSDOT will be paid for their accumulated compensatory time. When compensatory time is cashed out for any reason, e.g., termination or death, it shall be computed using the employee's regular salary rate at time of cash out.

E. Reporting – Overtime and compensatory time is charged to the work order the employee is working on at the time the overtime or compensatory time is incurred. All overtime earned, including that to be taken as compensatory time, shall be reported on the employee's appropriate time sheet, or within DOTtime, if implemented, in 1/10th of an hour increments. (Refer to timesheet section of the Payroll Manual M 13-08.)

21-7 Overtime Exempt Employees

This section establishes rules for allowing exchange time for employees designated as overtime exempt employees, including employees in WMS and exempt positions pursuant to principles of public accountability. Exchange time is time off with pay in recognition of extraordinary or excessive time worked.

A. Work Schedules – Overtime exempt employees are salaried and generally expected to work the hours it takes to accomplish their duties, but not less than 40 hours per workweek for full-time. It is a WSDOT requirement that each overtime exempt employee establish a work schedule with the approval of their supervisor. This schedule will be documented and retained by the timekeeper and must be an average of 40 hours per week for full-time positions.
B. **Schedule Adjustments** – Schedule adjustments, which are deviations from normal work schedules by employees within a pay period, must be documented. The schedule adjustment should typically be done within the same pay period that the additional hours are worked. Schedule adjustment hours may be carried forward one pay period, if adjustment could not be done in the same pay period. This documentation must be retained for five years.

C. **Exchange Time Accrual**

1. Overtime exempt employees will not earn compensatory time, but may, with the appointing authority's approval, earn exchange time. Exchange time is earned as standard, straight time. This approval must be documented on the semi-monthly charge sheet or within DOTtime, if implemented. (Refer to timesheet section of the [Payroll Manual](M 13-08).)

2. Employees may accrue exchange time up to and including 80 hours.

D. **Exchange Time Balances** – Exchange time balances can only be carried between overtime exempt positions within WSDOT. Although employees’ exchange time balances will be maintained when transferring or promoting within WSDOT to another overtime exempt position, use of that exchange time when leaving WSDOT is subject to the following provisions:

1. Exchange time has no cash value and cannot be transferred between employees under the Shared Leave Program or to another state agency if the employee transfers or promotes out.

2. Employees voluntarily leaving WSDOT shall be allowed the opportunity to extend the date of their departure until the exchange time has been used.

E. **Additional Compensation at Standard Pay** – Appointing authorities may also approve an employee receiving additional compensation for excess hours worked, at the employee’s standard pay rate. This approval must be documented on the semi-monthly charge sheet or within DOTtime, if implemented.

### 21-8 Holiday Compensation

A. All full-time employees (including non-permanent employees) shall be compensated for all holidays at a straight time rate applicable for the pay period in which the holiday occurs.

B. All overtime eligible full-time and part-time employees who are asked to work on a holiday will receive compensation for the holiday plus overtime for actual hours worked on the holiday. Compensatory time in lieu of payment may be authorized.

C. Compensation for the holiday for part-time employees (including part-time non-permanent employees) will be in an amount proportionate to the number of hours in pay status in the month to that required for full-time employment, excluding all holiday hours based on a standard Monday through Friday, eight hours per day schedule. Refer to the Holiday section of the Leave chapter for eligibility requirements.
21-9 **Call Back Pay Rules**

A. An overtime eligible employee is entitled to callback pay when they have either:
   1. Finished the work shift and have left the worksite; or
   2. Is in paid leave status and is called to return to work outside of regularly scheduled hours to handle emergency situations which could not be anticipated

B. A minimum of two hours’ pay is guaranteed. The minimum of two hours of pay and any hours worked in excess of two hours must be compensated in accordance with overtime rules ([WAC 357-28-255](https://) if applicable, otherwise the pay will be compensated at the straight rate. Refer to the Rules and Procedures section of the Payroll Manual M 13-08 for reporting instructions.

C. An employee on standby status called to return to work does not qualify for call back pay.

D. The appointing authority/designee may cancel a call back notification to work extra hours at any time, but cancellation must not waive the guarantee of two hours of call back pay.

E. Overtime exempt employees are not paid for being called back to work unless the appointing authority/designee authorizes payment.

21-10 **Standby Pay**

The purpose of standby pay is to compensate overtime eligible employees required to restrict off-duty activities to be immediately available for duty. Overtime exempt employees are not eligible for standby pay unless the appointing authority/designee determines otherwise.

A. **Authorization** – Standby authorization can be delegated by the appointing authority/designee to the immediate supervisor.

B. **Rate of Pay** – Standby pay shall be paid in accordance with the rates set forth in the Compensation Plan for General Government (see salary schedules).

21-11 **Shift Premium Rules**

Shift premium is additional pay provided for working split shifts or evening and night shifts.

A. Shift premium at the rate specified in the State’s compensation plan must be paid when:
   1. An employee is scheduled to work a shift in which the majority of hours worked daily or weekly are between 6:00 p.m. and 6:00 a.m.; or
   2. An employee is scheduled to work a shift which is split with a minimum of four intervening hours not worked.

B. Shift premium must be paid for the entire daily or weekly shift that qualifies under subsection (A) of this section. Additionally, these employees are entitled to shift premium for all hours that the employees work adjoining that evening or night shift.

C. An employee assigned to a shift that qualifies for shift premium pay must receive the same shift premium for authorized periods of paid leave and holidays and for up to five days of a temporary assignment to a shift that does not qualify.
D. Exceptions to shift premium provisions may be approved by the State Human Resources Director.

E. Employees may waive shift premium.

### 21-12 Additional Pay Provisions (WAC 357-28-100)

**Assignment Pay** is a compensation premium added to base salary to recognize specialized skills, assigned duties, geographic location, and/or unique circumstances that exceed the ordinary. Assignment pay is intended to be used only as long as the skills, duties, or circumstances it is based on are in effect. Types of approved assignment pay for equipment and/or skills can be found in the state's compensation plan. Requests for assignment pay should be forwarded to WSDOT's Classification and Compensation Manager for approval through the State Human Resource Director. Assignment Pay may be approved for a single position or for several similar positions. Assignment pay may be cancelled when conditions that precipitated the pay adjustment change or when an employee moves from an eligible position to a position that is not eligible.

### 21-13 Employment Separation - Accrued Leave Pay Rules

Employment Separation Pay, also known as Terminal Leave pay is the lump sum payment for accrued vacation leave (not including holidays or personal holiday) an employee is entitled to when their employment with the state ends.

**A. Vacation Leave**

1. When an employee's state employment ends by resignation, layoff, dismissal, retirement or death, and the employee has completed six continuous months of employment, the employee or their estate is eligible to receive compensation for their unused vacation leave. When an employee's state employment ends for gross misconduct, WSDOT may deny payment of unused vacation leave.

2. Employees who choose to resign must notify WSDOT of their decision 15 calendar days prior to the effective date of the resignation. If this written notice is not given, WSDOT may deny payment of the unused vacation leave.

**B. Sick Leave** – In January of each year, an employee whose sick leave balance at the end of the previous year exceeds 480 hours, the employee may elect to convert sick leave hours to monetary compensation. No sick leave hours may be converted which would reduce the calendar year-end balance below 480 hours. Monetary compensation for converted hours is paid at the rate of 25 percent and is based on the employee's current salary. Eligible employees will receive a form from the Payroll office, or notification within DOTtime, if implemented, stating how many hours are eligible for payment. If the employee elects to participate, the employee will be paid for 25 percent of the total hours eligible at their current rate.

When an employee's state employment ends as the result of retirement, the employee is eligible to receive compensation for their accumulated sick leave at the rate of 25 percent of the total value. In accordance with Executive Order E 1008.09, non-represented WSDOT employees must place the proceeds from their sick leave cash out in a medical savings account (VEBA MEP) or forfeit their cash out. These funds can be withdrawn from the account to pay for health insurance, dental, vision, and other health-related expenses. For example: An employee who retires with 1,000
hours of sick leave, shall have a tax-free savings account established in their name representing the value of 250 hours of sick leave.

When an employee's state employment ends as the result of death, the employee's estate is eligible to receive compensation for their accumulated sick leave at the rate of 25 percent of the total value.

Employees who separate for any reason other than retirement or death are not paid for their accrued sick leave.

C. **Compensatory Time** - When an employee's state employment ends by resignation, layoff, dismissal, retirement, or death, the employee or their estate is eligible to receive compensation for their unused compensatory time.

### 21-14 Recruitment and Retention Premiums May Be Considered (WAC 357-28-095)

The executives/appointing authority, in consultation with the WSDOT Classification and Compensation Manager, may consider and approve a premium of up to 15 percent of the base salary over a 12 month period to support the recruitment of a job candidate or retention of an employee for a specific position. Premiums may not exceed 15 percent under this provision. A premium will be used as long as the circumstances it is based on are in effect. The criteria for determining this premium pay includes but is not limited to:

- Available funding
- Pay alignment
- Candidate qualifications
- Market value of position

This premium can be added to the employee's base salary or paid to the employee in a lump sum.

For lump sum payments, the following criteria shall apply:

A. The agreement/contract must be in writing.

B. It shall include specific requirements, which must be met in order to obtain the lump sum payment. These requirements must include but are not limited to:

1. Timing of lump sum payment (six months, eight months, etc.).
2. Format and follow-up considerations.
3. Impacting contingencies; i.e., promotions, terminations, etc.
4. Specified length of employment required prior to payment.
5. Other relevant business-related factors.

A lump sum payment may only be made after services have been rendered in accordance with the conditions established.

The above requests should be forwarded to the WSDOT Classification and Compensation Manager for approval.
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21-15 Salary Range Step M

Step M is a longevity step on a salary range. An employee currently at step L of a salary range will progress to step M of that same salary range 6 years from the date they were advanced or appointed to step L.

An employee may be appointed to step M on initial hire to address recruitment and retention, or for other business reasons such as equity, alignment or competitive market conditions as identified by the appointing authority.

An employee cannot be appointed to step M upon demotion (voluntary or involuntary) unless the employee was at step M of the salary range from which the employee is demoting, or the employee was previously at step M in the salary range of the class the employee is demoting to. If an employee who is at step L accepts a layoff option to a position with a lower salary range, the employee will be given credit for time spent at step L of the higher salary range. This rule only applies to demotions that are a result of a layoff and does not apply to other employer/employee initiated actions that result in movement to a lower salary range.

If an employee accepts a new appointment to a position which is the same salary range as the previous position, the time at step L will count towards the 6 years to qualify for step M in the new position. If an employee accepts a new appointment to a position with a different pay range as the previous position, the time at step L in the previous position will not count towards the 6 years to qualify for step M in the new pay range. The progression to step M is regardless of what transpired in the 6 years since the employee was appointed to step L, provided the employee is at step L in the same pay range as the pay range the employee was in at the beginning of the 6 year period.

If an employee was at step L at the time of separation and is rehired at the same pay range at step L, the employee will be advanced to step M, 6 years from the initial date they were placed at step L.

If an employee is at step L at the time they accept a nonpermanent appointment, and they return to a position at step L in the same pay range that they were in prior to the nonpermanent appointment, time spent in the nonpermanent appointment will count towards the 6 year requirement. Additionally, if an employee at step L accepted a new appointment to a different salary range, and later voluntarily demoted to the pay range they were in prior to the new appointment, time spent in the other appointment will count towards the 6 year requirement to move to step M.

The 6 year time period used to qualify for step M will not be extended for periods of leave without pay.