**R477. Government Operations, Human Resource Management.**

**R477-6. Compensation.**

**R477-6-1. Pay Plans.**

With approval of the Governor, the DHRM Division Director shall develop salary ranges for pay plans for each job.

(1) DHRM shall include a salary range in each job description.

(2) Management may increase an employee's wage up to the salary range maximum. A wage increase shall be at least 1/2% of the current wage unless the difference between the current wage and the salary range maximum is less than 1/2%.

(3) Management may not increase an employee's wage above the salary range maximum except for pay for performance increases under Subsection R477-6-6(3).

(4) Management may decrease an employee's wage down to the salary range minimum. A wage decrease shall be at least 1/2% of the current wage unless the difference between the current wage and the salary range minimum is less than 1/2%.

(5) Management may not decrease or establish an employee's wage below the salary range minimum.

**R477-6-2. Allocation to the Pay Plans for Classified Employees.**

(1) For each job in classified service, DHRM shall:

(a) assign the job to a salary range and job family;

(b) survey the job in the market in accordance with the benchmark jobs; and

(c) include the job in a market comparability adjustment recommendation if warranted.

(2) DHRM may adjust salary ranges by:

(a) an administrative adjustment determined appropriate by DHRM for administrative purposes that is not based on a change of duties and responsibilities, nor based on a comparison to salary data in the market;

(b) a structure adjustment when any agency involved agrees to resolve budgetary impacts before implementation; or

(c) a market comparability adjustment to a job's salary range based upon salary data and other relevant information for similar jobs in the market through an annual compensation benchmark survey or other sources.

(i) DHRM shall include market comparability adjustment recommendations in the annual compensation plan and are submitted to the Governor.

(ii) If a market comparability adjustment would cause a budgetary impact, DHRM may not make the adjustment unless the Legislature has approved funding for the adjustment.

(iii) If market comparability adjustments are funded and approved for benchmark jobs, DHRM shall adjust salary ranges for other jobs in the same job family by relative ranking with the benchmark job.

**R477-6-3. Compensation for Unclassified Employees Designated as Schedule AD and AR.**

(1) Pursuant to Subsection 63A-17-301(4)(d), DHRM shall assign each job with AD or AR pay plan to a salary range that is no more than 40% above and below the salary range midpoint.

(2) DHRM may adjust salary ranges through:

(a) an administrative adjustment determined appropriate by DHRM for administrative purposes; or

(b) a structure adjustment.

(i) DHRM shall consult with the Governor's Office of Planning and Budget (GOPB) before making structure adjustments that require legislative funding. Adjustments that impact deputy directors or issues addressed in state code require GOPB approval.

(ii) If a structure adjustment would cause a budgetary impact, DHRM may not approve the adjustment unless the Legislature has approved funding for the adjustment or any agency involved agrees to resolve budgetary impacts before implementation.

(iii) DHRM may include structure adjustment recommendations that require funding in the annual compensation plan.

**R477-6-4. Compensation for Unclassified Employees Designated As Schedule AC, AG, AH, AS, AN, AO, AP, IN, TL, AU, AQ, and Employees of the State Board of Education.**

(1) Pursuant to Subsection 63A-17-301(4)(d), for each job exempted from classified service that is identified in positions under Subsection R477-3-1(1), the affected agency's management shall determine a salary range with a beginning and ending salary.

**R477-6-5. Appointments.**

(1) Management shall assign a newly appointed employee a salary within the DHRM approved salary range for the job.

(2) Management shall place qualifying military service members returning to work under USERRA in their previous position or a similar position. Reemployment shall include the same seniority status, wage, including any cost of living adjustments, general increase, reclassification of the service member preservice position, or market comparability adjustments that would have affected the service member's preservice position during the time spent by the affected service member in the uniformed services. Performance related salary increases are not included.

**R477-6-6. Salary.**

(1) Promotions.

(a) Management may increase an employee's wage when the employee is promoted.

(b) Management may promote an employee when the employee meets the requirements and skills specified in the job description and position specific criteria as determined by management for the position.

(c) Any wage increase granted under this subsection shall be at least 1/2% or up to the salary range maximum.

(2) Reclassifications.

(a) Management may grant an employee a wage increase of at least 1/2% or up to the salary range maximum when the employee is reclassified to a job with a salary range maximum exceeding the employee's current salary range maximum. Management shall place the employee within the new salary range.

(b) Management may not decrease the wage of an employee whose job is reclassified to a job with a lower salary range.

(3) Pay for Performance Increase

The agency head authorizes and approves pay for performance increases under the following parameters.

(a) An increase shall be at least 1/2%.

(b) The increase may exceed the salary range maximum.

(c) Management may not grant a pay for performance increase unless the agency has sufficient funding within the enacted budget for the fiscal year in which the increase is given and sufficient ongoing funding to cover the increase in future fiscal years.

(d) Management confirms that the employee has at least two quarters of performance evaluations.

(e) The increase is granted pursuant to an agency policy that meets the requirements of Section R477-10-1.

(f) The agency head determines that the requirements of Section R477-10-1 have been met.

(4) Administrative Adjustment.

Management may not adjust the current actual wage of an employee whose position has been allocated by DHRM from one job to another job or salary range for administrative purposes unless the employee's wage is below the minimum of the new salary range.

(5) Reassignment.

Management may not decrease an employee's current actual wage except as provided in federal or state law.

(6) Transfer.

(a) Management may decrease the current actual wage of an employee who transfers to another job with the same or lower salary range maximum.

(b) An employee who applies for a job with a lower salary range maximum shall be placed within the salary range of the new job.

(7) Demotion.

Management may reduce the current actual wage of an employee demoted under Section R477-11-2 by at least 1/2%, or down to the salary range minimum as determined by the agency head or designee.

(8) Administrative Salary Increase.

The agency head authorizes and approves administrative salary increases under the following parameters.

(a) Any increase shall be at least 1/2% or up to the employee's salary range maximum.

(b) Management may not grant an administrative salary increase unless the agency has sufficient funding within their annualized base budgets for the fiscal year in which the adjustment is given.

(c) Justification for an administrative salary increase shall be:

(i) in writing;

(ii) approved by the agency head or designee; and

(iii) supported by unique situations or considerations in the agency.

(d) The agency head or designee shall answer any challenge or grievance resulting from an administrative salary increase.

(e) Management may grant an administrative salary increase to an employee during the probationary period. Wage increases shall be at least 1/2% or up to the salary range maximum.

(f) Management may not grant an administrative salary increase to an employee whose wage is at or above the salary range maximum.

(g) DHRM shall process an administrative salary increase separately from any other action.

(9) Administrative Salary Decrease.

The agency head authorizes and approves administrative salary decreases for nondisciplinary reasons according to the following:

(a) management may not decrease the final wage below the salary range minimum;

(b) management shall decrease the employee's wage by at least 1/2% or down to the salary range minimum;

(c) justification for an administrative salary decrease shall be:

(i) in writing;

(ii) approved by the agency head; and

(iii) supported by issues such as previous written agreements between management and the employee to include career mobility, reasonable accommodation, or other unique situations or considerations in the agency; and

(d) the agency head or designee shall answer any challenge or grievance resulting from an administrative salary decrease;

(10) Career Mobility.

(a) When commencing a career mobility assignment, management shall determine the new wage by following the rules governing the appropriate underlying action such as:

(i) promotion;

(ii) reassignment; or

(iii) transfer.

(b) If a career mobility assignment does not become permanent at its conclusion, management shall return the employee to the employee's previous position or a similar position and grant, at a minimum, the same wage and the same or higher salary range that the employee would have received had the career mobility assignment not occurred.

**R477-6-7. Incentive Awards.**

(1) Management shall write and publish incentive award and bonus policies before rewarding any employee with incentive awards or bonuses. Incentive awards and bonuses are discretionary, not an entitlement, and are subject to the availability of funds in the agency.

(a) DHRM shall review agency incentive award policies to ensure that they are consistent with standards established in this rule and the Department of Government Operations, Division of Finance, rules, and procedures.

(b) Management may not grant individual awards greater than $4,000 per pay period and $8,000 in a fiscal year, except when approved by DHRM and the governor.

(i) Management shall include documentation of the work units affected and any cost savings in a request for an exception to Subsection (b) for a retirement incentive award.

(ii) A single payment of up to $8,000 may be granted as a retirement incentive.

(c) Any cash and cash equivalent incentive awards and bonuses shall be subject to payroll taxes.

(2) Performance Based Incentive Awards.

(a) Cash Incentive Awards.

(i) Management may grant a cash incentive award to an employee or group of employees that demonstrates exceptional effort or accomplishment beyond what is normally expected on the job for a unique event or over a sustained period.

(ii) To implement a Pay for Performance cash incentive awards program, management shall include the program in the agency's incentive awards policy pursuant to Section R477-10-1.

(A) The policy shall include information supporting the following:

(1) sustainability of the funding for the cash incentive program;

(2) the positions eligible to participate in the Pay for Performance program;

(3) goals of the program;

(4) type of work to be incentivized; and

(5) ability to track the effectiveness of the program.

(iii) The agency head or designee shall approve any cash awards and ensure that documentation relating to the award is maintained.

(b) Noncash Incentive Awards.

(i) Management may recognize an employee or group of employees with noncash incentive awards.

(ii) Individual noncash incentive awards may not exceed the limits in Finance Policy 05-03.06.

(iii) Noncash incentive awards may include cash equivalents such as gift certificates or tickets for admission. Cash equivalent incentive awards shall be subject to payroll taxes and shall follow standards and procedures established by the Department of Government Operations, Division of Finance.

(3) Cost Savings Bonus.

(a) Management may establish a bonus policy to increase productivity, generate savings within the agency, or reward an employee who submits a cost savings proposal.

(i) Management shall document the cost savings involved.

(4) Market Based Bonuses.

Management may award a cash bonus as an incentive to acquire or retain an employee with job skills that are critical to the state and difficult to recruit in the market. Any market based bonuses shall be approved by the DHRM Division Director or designee.

(a) When requesting market based awards, management shall submit documentation specifying how the agency will benefit by granting the bonus based on:

(i) budget;

(ii) recruitment difficulties;

(iii) a mission critical need to attract or retain unique or hard to find skills in the market; or

(iv) other market based reasons.

(b) Eligible reason types for market based bonuses include:

(i) Retention Bonus.

Management may award a bonus to an employee who has unusually high or unique qualifications that are essential for the agency to retain.

(ii) Recruitment or Signing Bonus.

Management may award a bonus to a qualified job candidate to incentivize the candidate to work for the state.

(iii) Scarce Skills Bonus.

Management may award a bonus to a qualified job candidate that has the scarce skills required for the job.

(iv) Relocation Bonus.

Management may award a bonus to a current employee who is required to relocate to accept a position in a different commuting area.

(v) Referral Bonus.

Management may award a bonus to a current employee who refers a job applicant who is subsequently selected.

(vi) Geographic Job Market Bonus.

Management may award a bonus to incentivize an employee to accept or continue an assignment in a specific geographic area.

**R477-6-8. Employee Benefits.**

(1) An employee shall be eligible for:

(a) retirement benefits according to Title 49, Utah Retirement and Insurance Benefit Act;

(i) DHRM shall provide eligible employees with information regarding available options for Utah Retirement Systems (URS) retirement programs; and

(ii) An employee shall communicate directly with URS regarding retirement system options, changes in employee contributions, beneficiaries, and investment strategies;

(b) non-retirement benefits when:

(i) in a position designated by management as eligible for benefits; and

(ii) in a position which normally requires working a minimum of 20 hours per workweek.

(2) An eligible employee shall enroll in or decline one of the traditional medical insurance plans within 30 days of the hire date and enroll in or decline one of the HSA-qualified medical insurance plans or other tax-advantaged arrangement offered by PEHP and authorized under the Internal Revenue Code for the benefit of the employee within 60 days of the hire date. An employee may change medical plans only during the annual open enrollment period for state employees or following a qualifying life event.

(3) An eligible employee may enroll in dental, vision, and a flexible spending account within 60 days of the hire date.

(4) An employee shall enroll in guaranteed issue life insurance within 60 days of the hire date to avoid having to provide proof of insurability. An employee may enroll in additional life insurance and accidental death and dismemberment insurance at any time and may be required to provide proof of insurability.

(5) A reemployed veteran under USERRA is entitled to the same employee benefits given to other continuously employed eligible employees to include seniority based increased pension and leave accrual.

(6) Any insurance coverage, excluding COBRA, shall end:

(a) at midnight on the last day of the pay period in which the employee receives a paycheck for employees hired before February 15, 2003; or

(b) at midnight on the last day of the pay period in which the employment termination date became effective for employees hired on February 15, 2003, or later.

(7) An employee who is not eligible for benefits under Subsection R477-6-8(1) but does meet the minimum qualifications under the Affordable Care Act shall be eligible for medical insurance only.

**R477-6-9. Career Service Status Change.**

(1) When management changes an occupied schedule B position to schedule AC, AD, AR, AS, or AX, management shall offer the career service employee in that position the opportunity to convert to the new schedule code. The employee may, within 60 days from the date of offer, elect to convert from career service to career service exempt.

(a) If the employee chooses to convert, management shall offer the employee:

(i) an administrative salary increase of at least 1/2% or up to the current salary range maximum; and

(ii) state paid term life insurance coverage if determined eligible by the Group Insurance Office to participate in the Term Life Program, Public Employees Health Plan, as provided in Section R477-6-10.

(b) For an employee at or above the current salary range maximum at the time of conversation, management shall grant, in lieu of the salary adjustment from Subsection (1)(a)(i), a one time bonus, as determined by the agency head or designee, not to exceed limits in Subsection R477-6-7(1)(b).

(c) For an employee electing to convert to career service exempt after the 60 day election period, management may not grant the wage increase, but shall permit the employee to apply for the insurance coverage through the Group Insurance Office.

(d) An employee electing not to convert to career service exempt status retains career service status even though the employee's position shall be designated as schedule AC, AD, AR, AS, or AX. When these career service employees vacate these positions, any subsequent incumbent is career service exempt.

(e) Management shall communicate the conditions and limitations of this incentive program to any employees currently or imminently affected by the program.

(2) An agency head may reorganize so that a current career service exempt position no longer meets the criteria for exemption.

(a) An affected employee:

(i) shall resume career service status if the employee previously earned career service status and had no break in service;

(ii) is no longer eligible for severance pay under Section R477-6-10;

(iii) shall accrue annual leave based on service time under Subsection R477-7-3(1); and

(iv) shall work with management and the Group Insurance Office to discontinue exempt life insurance coverage.

(b) Management may not convert a career service exempt employee to career service status unless:

(i) the employee had prior career service status with no break in service; or

(ii) the employee was hired from a hiring list under Subsection R477-4-2(7).

**R477-6-10. State Paid Life Insurance.**

(1) Management shall pay term life insurance premiums for a benefits eligible career service exempt employee in schedule AA, AB, AD, AR, AT, or AX if the employee is determined eligible by the Group Insurance Office and approved through underwriting to participate in the Term Life Program offered through the Public Employees Health Plan at the following levels:

(a) hourly wage $24.03 or less shall receive $125,000 of term life insurance;

(b) hourly wage between $24.04 and $28.84 shall receive $150,000 of term life insurance;

(c) hourly wage between $28.85 and $36.05 shall receive $200,000 of term life insurance;

(d) hourly wage between $36.06 and $48.07 shall receive $300,000 of term life insurance; or

(e) hourly wage of $48.08 or higher shall receive $400,000 of term life insurance.

(2) The appointing authority may provide these benefits to an employee in schedule AC, AE, or AS.

**R477-6-11. Severance Benefit.**

(1) For a career service exempt employee on schedule AB, AC, AD, AE, AR, AS, AT, or AX who is separated from state service through an action initiated by management, to include resignation in lieu of termination, management may offer a severance benefit equal to:

(a) one week of salary, up to a maximum of 12 weeks, for each year of consecutive exempt service in the executive branch for schedule AB, AC, AD, AE, AR, AS, AT, or AX employees; and

(b) if the employee is eligible for COBRA, medical insurance coverage at the rate of two pay periods for each year of consecutive exempt service, up to a maximum of 13 pay periods.

(2) Management shall offer the severance benefit when the employee is separated from employment.

(3) Insurance provided under Subsection (1)(b) is medical coverage only and shall be the same plan the employee had at the time of severance.

**R477-6-12. Human Resource Transactions.**

The DHRM Division Director shall publicize procedures for processing payroll and human resource transactions and documents.

**KEY: wages, employee benefit plans, insurance, personnel management**

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