

**R477. Human Resource Management, Administration.**

**R477-6. Compensation.**

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

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

- (1) Each job description shall include a salary range.
- (2) Agency approved wage increases within salary ranges shall be:
  - (a) at least 1/2%, or
  - (b) to the maximum wage within the salary range, if the difference between the current wage and the salary range maximum is less than 1/2%.
- (3) Agency approved wage decreases within salary ranges shall be:
  - (a) at least 1/2%, or
  - (b) to the minimum wage within the salary range, if the difference between the current wage and the salary range minimum is less than 1/2%.
- (4) Salary increases and decreases may not place an employee below the salary range minimum or above the salary range maximum unless the criteria for longevity increases has been met.

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

- (1) Each job in classified service shall be:
  - (a) assigned to a salary range and job family;
  - (b) surveyed in the market in accordance with the benchmark jobs; and
  - (c) included in a market comparability adjustment recommendation if warranted.
- (2) Salary ranges can be adjusted through:
  - (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 prior to 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) Market comparability adjustment recommendations shall be included in the annual compensation plan and are submitted to the Governor no later than October 31 of each year.
- (ii) Funding for market comparability adjustments shall be legislatively approved if the adjustment would cause a budgetary impact.
- (iii) If market comparability adjustments are funded and approved for benchmark jobs, salary ranges for other jobs in the same job family shall be adjusted by relative ranking with the benchmark job.
- (3) Salary ranges may not be adjusted more frequently than on an annual basis without an exception by the Executive Director, DHRM.

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

- (1) Each job in an AD or AR pay plan shall be assigned to a salary range that is no more than 40% above and below the salary range midpoint.
- (2) Salary ranges may be adjusted through:
  - (a) an administrative adjustment determined appropriate by DHRM for administrative purposes; or
  - (b) a structure adjustment.
- (i) DHRM will consult with the Governor's Office of Management and Budget (GOMB) prior to making structure adjustments that require legislative funding. Adjustments that impact deputy directors or issues addressed in state code must be approved by GOMB.
- (ii) Funding for structure adjustments shall be legislatively approved unless the adjustment has no budgetary impact or any agency involved agrees to resolve budgetary impacts prior to implementation.
- (iii) Structure adjustment recommendations that require funding may be included in the annual compensation plan.
- (iv) Structure adjustments may take place on an annual basis. Limited exceptions addressing a critical need may be granted upon request and approval of the Executive Director, DHRM.
- (v) Structure adjustments may not be approved for cross agency jobs unless any agency involved agrees to resolve budgetary impacts prior to implementation.

**R477-6-4. Pay Plans 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) Each job exempted from classified service that is identified in positions under Subsection R477-3-1(1) shall have a salary range with a beginning and ending salary of any amount determined appropriate by the affected agency.

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

- (1) Appointments shall be placed on the DHRM approved salary range for the job.
- (2) Qualifying military service members returning to work under USERRA shall be placed 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) An employee who is not designated schedule IN or TL and is promoted to a job with a salary range maximum exceeding the employee's current salary range maximum shall receive a wage increase of at least 5%.
  - (b) An employee who is promoted may not be placed higher than the maximum or lower than the minimum in the new salary range except as provided in Subsection R477-6-6(3), governing longevity salary increases.
  - (c) To be eligible for a promotion, an employee shall meet the requirements and skills specified in the job description and position specific criteria as determined by the agency for the position.
- (2) Reclassifications.

(a) At agency management's discretion, an employee reclassified to a job with a salary range maximum exceeding the employee's current salary range maximum may receive a wage increase of at least 1/2% or up to the salary range maximum. An employee shall be placed within the new salary range. An employee's eligibility for a longevity salary increase shall be consistent with Subsection R477-6-6(3).

(b) An employee whose job is reclassified to a job with a lower salary range shall retain the current wage.

(3) Longevity Salary Increase.

(a) An employee shall receive an initial longevity salary increase of 2.75% when:

(i) the employee has been in state service for eight years or more, including service in more than one agency;

(ii) the employee has been at or above the maximum of the current salary range for at least one year; and

(iii) the employee received a passing performance appraisal rating within the 12-month period preceding the longevity increase.

(b) An employee who has received the initial longevity increase is then eligible for an additional 2.75% increase every three years. To be eligible for these additional increases, an employee shall receive a passing performance appraisal rating within the 12-month period preceding the longevity increase.

(c) An employee with a wage that is above the maximum salary range because of a longevity salary increase:

(i) shall retain the current actual wage if receiving an administrative adjustment or is reassigned or reclassified to a job with a lower salary range maximum.

(ii) who is reclassified to a job with a higher salary range maximum shall only receive a wage increase if the current actual wage is less than the salary range maximum of the new job. At the discretion of agency management, the salary increase shall be at least 1/2% or up to the salary range maximum of the new job.

(iii) who is promoted shall only receive a wage increase if the current actual wage is less than the salary range maximum of the new job. The wage increase shall be at least 5% or up to the salary range maximum of the new job.

(iv) who is promoted, reclassified, transferred, reassigned, or receives an administrative adjustment and remains at or above the salary range maximum, shall receive their next longevity salary increase three years from the date they received the most recent increase under Subsection (3)(a).

(d) An employee with a wage that is not at or above the salary range maximum who is reclassified, transferred, reassigned, or receives an administrative adjustment, and has a current actual wage that is above the salary range maximum of the new job is considered to be above maximum and may be eligible for a longevity salary increase after meeting the requirements of Subsection (3)(a).

(e) An employee in Schedules AB, AN, IN, or TL is not eligible for the longevity salary increase program.

(4) Administrative Adjustment.

(a) An employee whose position has been allocated by DHRM from one job to another job or salary range for administrative purposes may not receive an adjustment in the current actual wage unless the employee is below the minimum of the new salary range.

(b) An employee whose position is changed by administrative adjustment to a job with a lower salary range shall retain the current wage even if the current wage exceeds the new salary range maximum.

(5) Reassignment.

An employee's current actual wage may not be decreased 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.

An employee demoted under Section R477-11-2 shall receive a reduction in the current actual wage of at least 1/2%, or down to the salary range minimum as determined by the agency head or designee. The agency head or designee may move an employee to a job with a lower salary range concurrent with the reduction in the current actual wage.

(8) Administrative Salary Increase.

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

(a) An employee shall receive an increase of at least 1/2% or up to the salary range maximum.

(b) Administrative salary increases shall only be granted when the agency has sufficient funding within their annualized base budgets for the fiscal year in which the adjustment is given.

(c) Justifications for administrative salary increases 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) Administrative salary increases may be given during the probationary period. Wage increases shall be at least 1/2% or up to the salary range maximum. These increases alone do not constitute successful completion of the probationary period or the granting of career service status.

(f) An employee at or above the salary range maximum may not be granted administrative salary increases.

(g) Increasing an employee's wage as part of a transfer or reassignment action must be justified as an administrative salary increase in a separate action.

(9) Administrative Salary Decrease.

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

(a) the final wage may not be less than the salary range minimum;

(b) wage decreases shall be at least 1/2% or down to the salary range minimum;

(c) justification for administrative salary decreases shall be:

(i) in writing;

(ii) approved by the agency head; and

(iii) supported by issues such as previous written agreements between the agency 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) A wage change at the commencement of a career mobility is governed by the rules governing the underlying action including:

(i) promotion;

(ii) reassignment; or

(iii) transfer.

(b) If a career mobility assignment does not become permanent at its conclusion, the employee shall return to the previous position or a similar position and shall receive, at a minimum, the same wage and the same or higher salary range that the employee would have received without the career mobility assignment.

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

(1) Only agencies with written and published incentive award and bonus policies may reward employees 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) Policies shall be approved annually by DHRM and be consistent with standards established in these rules and the Department of Administrative Services, Division of Finance, rules and procedures.

(b) Individual awards may not exceed \$4,000 per pay period and \$8,000 in a fiscal year, except when approved by DHRM and the governor.

(i) A request for a retirement incentive award shall be accompanied by documentation of the work units affected and any cost savings.

(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) An agency 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 of time.

(ii) Pay for Performance cash incentive award programs offered by an agency shall be included in the agency's incentive awards policy and reviewed annually by DHRM, in consultation with GOMB.

(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) Any cash awards shall be approved by the agency head or designee. They shall be documented and a copy shall be maintained by the agency.

(b) Noncash Incentive Awards

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

(ii) Individual noncash incentive awards may not exceed a value of \$50 per occurrence and \$200 for each fiscal year.

(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 Administrative Services, Division of Finance.

(3) Cost Savings Bonus

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

(i) The agency shall document the cost savings involved.

(4) Market Based Bonuses

An agency 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 Executive Director or designee.

(a) When requesting market based awards an agency 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

An agency 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

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

(iii) Scarce Skills Bonus

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

(iv) Relocation Bonus

An agency may award a bonus to a current employee who must relocate to accept a position in a different commuting area.

(v) Referral Bonus

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

(vi) Geographic Job Market Bonus

An agency may award a bonus to incentivize an employee to accept and/or continue an assignment in a specific geographic area.

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

(1) An employee shall be eligible for benefits when:

(a) in a position designated by the agency as eligible for benefits; and

(b) in a position which normally requires working a minimum of 40 hours per pay period.

(2) An eligible employee has 30 days from the hire date to enroll in or decline one of the traditional medical insurance plans and 60 days from the hire date to 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.

(a) An employee shall only be permitted to change medical plans during the annual open enrollment period for state employees.

(3) An eligible employee has 60 days from the hire date to enroll in dental, vision, and a flexible spending account.

(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.

(a) 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) An employee eligible for retirement benefits shall be electronically enrolled using the URS online certification process as follows:

(a) An employee with any service time with Utah Retirement Systems prior to July 1, 2011, from any URS eligible employer, shall be automatically enrolled in the Tier I defined benefit plan and the Tier I defined contribution plan.

(i) Eligibility for Tier I shall be determined by Utah Retirement Systems.

(ii) An employee eligible for Tier I shall remain in the Tier I system, even after a break in service.

(b) An employee with no previous service time with Utah Retirement Systems in Tier I shall be enrolled in the Tier II retirement system.

(i) An employee has one year from the date of eligibility to elect whether to participate in the Tier II hybrid retirement system or the Tier II defined contribution plan.

(A) If no election is made the employee shall be automatically enrolled in the Tier II hybrid retirement system.

(ii) An employee eligible for the Tier II system has one year from the date of eligibility to change the election or it is irrevocable.

(c) Changes in employee contributions, beneficiaries, and investment strategies shall be submitted electronically to URS through the URS website.

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

(7) 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 prior to 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.

(8) 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. Employee Converting from Career Service to Schedule AC, AD, AR, or AS.**

(1) A career service employee in a position meeting the criteria for career service exempt schedule AC, AD, AR, or AS shall have 60 days from the date of offer to elect to convert from career service to career service exempt. As an incentive to convert, an employee shall be provided the following:

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

(b) 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.

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

(3) An employee electing to convert to career service exempt after the 60 day election period may not be eligible for the wage increase, but shall be entitled to apply for the insurance coverage through the Group Insurance Office.

(4) An employee electing not to convert to career service exemption shall retain career service status even though the position shall be designated as schedule AC, AD, AR, or AS. When these career service employees vacate these positions, subsequent appointments shall be career service exempt.

(5) An agency head may reorganize so that a current career service exempt position no longer meets the criteria for exemption. In this case, the employee shall be designated as career service if the employee had previously earned career service. However, the employee may not be eligible for a severance package, increased annual leave accrual, or exempt life insurance. In this situation, the agency and employee shall make arrangements through the Group Insurance Office to discontinue the exempt life insurance coverage.

(6) A career service exempt employee without prior career service status shall remain exempt. When the employee leaves the position, subsequent appointments shall be consistent with Rule R477-4.

(7) An agency shall communicate to any impacted and future eligible employees the conditions and limitations of this incentive program.

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

(1) A benefits eligible career service exempt employee on schedule AA, AB, AD, AR and AT shall be provided state paid term life insurance coverage if determined eligible by the Group Insurance Office and approved through underwriting to participate in the Term Life Program Public Employees Health Plan:

(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; and

(c) Hourly wage \$28.85 or higher shall receive \$200,000 of term life insurance.

(2) An employee on schedule AC, AE, or AS may be provided these benefits at the discretion of the appointing authority.

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

(1) At the discretion of the appointing authority a benefits eligible, career service exempt employee on schedule AB, AC, AD, AE, AR, AS, or AT who is separated from state service through an action initiated by management, to include resignation in lieu of termination, may receive at the time of separation a severance benefit equal to:

(a) salary at the rate of:

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

(ii) two weeks of salary, up to a maximum of 24 weeks, for each year of consecutive exempt service in the executive branch for schedule AB employees; and

(b) if 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) 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 Executive Director, DHRM, shall publicize procedures for processing payroll and human resource transactions and documents.

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

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