



## 25.30 Wage Computations

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### 25.30.10 Pay periods

Jan. 1, 2016

[RCW 42.16.010](#) establishes pay periods for paying all state officers and employees.

Except as otherwise provided in [RCW 42.16.010\(5\)](#), pay periods are semi-monthly. The first pay period is from the first to the fifteenth of the month and the second pay period is from the sixteenth through the last calendar day of the month.

In accordance with [RCW 42.16.010\(5\)](#), institutions of higher education as defined in [RCW 28B.10.016](#) may pay their employees biweekly, in pay periods consisting of two consecutive seven calendar-day weeks.

### 25.30.20 Paydates

Jan. 1, 2016

#### 25.30.20.a Semi-monthly paydates

Agencies shall pay the salaries of all state officers and employees on the semi-monthly paydates identified in WAC 82-50-021, except in instances where it would conflict with [RCW 42.16.010\(3\)](#), contractual rights or as otherwise approved by the Office of Financial Management (OFM).



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For information on specific paydates and other key dates, as well as information on the Department of Treasury “One Day” Deposit Rules for payrolls over \$100,000, refer to OFM’s Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.

### Exceptions

In accordance with [RCW 42.16.010\(3\)](#), when a national or state guard member is called to participate in state active duty, the paydate for military department state active duty pay shall be no more than seven days following completion of duty or the end of the pay period, whichever is first. When the seventh day falls on Sunday, the paydate shall not be later than the following Monday.

In accordance with WAC 82-50-031, OFM may grant exceptions to the paydates established in 82-50-021 upon written request of an agency. However, the semi-monthly pay periods established by [RCW 42.16.010\(1\)](#) must remain in effect. WAC 82-50-32 addresses terminations of exceptions granted under WAC 82-50-031.

#### 25.30.20.b Bi-weekly paydates

In accordance with [RCW 42.16.010\(5\)](#), for institutions of higher education adopting bi-weekly pay periods, actual paydates are lagged seven calendar days after the end of the pay period, except when the paydate falls on a holiday. In this case, the paydate shall not be later than the following Monday.

Each institution adopting a biweekly pay schedule must establish, publish, and notify the director of OFM of the official paydates six months before the beginning of each subsequent calendar year.

**Note:** As no institution of higher education has adopted bi-weekly paydates, Chapter 25 is written in terms of semi-monthly paydates.

#### 25.30.20.c RCW 42.16.010 permits agencies to pay overtime, penalty pay, and special pay on the next paydate if:

1. The employee fails to make an accurate and timely report of the information needed to determine the payment; or,
2. The employer lacks reasonable opportunity to verify the claim.

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### 25.30.30 Pay period, workdays, and rate computations

July 1, 2022

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#### 25.30.30.a Full-Time Employees

When employees work a full semi-monthly pay period ([RCW 42.16.010](#) and WAC 82-50-021), their pay rate shall be one-half of the actual monthly gross pay. Time worked, for gross pay computations, includes paid leave and holidays.

**Exceptions:** Gross pay computations for full-time employees change when they work less than a full semi-monthly pay period, are on a leave-without-pay status, or their pay rate changes during the pay period.



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## 25.30.30.a.(1) Compute gross pay by:

- Calculating the ratio of time worked in days or hours to the scheduled time available for work in days or hours for that pay period.
- Scheduled time available for work includes paid leave and holidays.
- In cases of promotion or demotion, two calculations are done--one for each salary level. Both calculations are based on the percentage of the days or hours worked to total days or hours available for the pay period at each salary level.
- In addition to basic salary, gross pay includes remuneration for all other compensable services and *available to employees on designated paydates* ([RCW 42.16.010](#)). Refer to [Subsection 25.30.20a](#) for a paydate exception provided by that statute. Other compensable services include overtime, assignment pay, call-back, standby, compensatory time, shift differential premium, performance pay, recognition payments, and other special pay provisions as provided for by law, civil service rules, agency policy or rule, or contract.

**Note:** In the 2011-2013 biennium only, refer to WAC Chapter 357-28 or collective bargaining agreements (CBAs) to determine the appropriate base salary rate for paying overtime or cashing out compensatory time.

## 25.30.30.a.(2) Use the following formula to compute pay for fractional semi-monthly pay periods:

$$\frac{\text{Actual time (hours/days) worked in semi-monthly pay period}}{\text{Scheduled work time(hours/days) available in semi-monthly pay period}} \times \frac{\text{Monthly salary rate}}{2} = \text{Gross pay}$$

**Example:** If an employee with a monthly rate of \$2,400 works 24 hours in a pay period containing 88 scheduled working hours, the pay would be computed as follows:

$$\frac{24}{88} \times \frac{\$2,400}{2} = \$327.27$$

In the case of a promotion from \$2,400 to \$2,800 a month, effective on the third work day in the pay period, two calculations are required using the appropriate actual hours and pay rates:

### First Computation:

$$\frac{16}{88} \times \frac{\$2,400}{2} = \$218.18 \text{ (Payment for first two days of pay period)}$$



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## Second Computation:

$$\frac{72}{88} \times \frac{\$2,800}{2} = \$1,145.45 \text{ (Payment for remaining days in pay period)}$$

## Total Gross:

$$\$218.18 + \$1,145.45 = \$1,363.63 \text{ (Total payment for pay period)}$$

### 25.30.30.a.(3) Colleges and Universities

With written approval by the Office of Financial Management (OFM), colleges and universities may use the employee's annualized straight time hourly pay rate for calculating leave-without-pay salary reductions. The annualized hourly rate is determined by dividing the monthly rate by 174, the average number of working hours during a month. If an institution of higher education historically has used an average number of monthly working hours rate other than 174, written OFM approval is required to continue using the other rate

### 25.30.30.a.(4) State Elected Officials

Use calendar days, including all holidays or workdays, when computing a partial pay period for elected state officials.

$$\frac{\text{Calendar days to pay in semi-monthly pay period}}{\text{Calendar days in semi-monthly pay period}} \times \frac{\text{Monthly salary rate}}{2} = \text{Gross pay}$$

### 25.30.30.b Employees Paid on an Hourly Basis

Compute hourly employees' gross pay by multiplying the hours worked in the semi-monthly pay period times their hourly pay rate. The hourly rate includes shift premium and assignment pay. The gross pay computation includes paid leave, if eligible. Time worked, for gross pay computations, includes paid leave and holidays.

$$\text{Actual hours worked} \times \text{Hourly rate} = \text{Gross pay}$$

#### **Example:**

$$25 \text{ hours worked} \times \$14.00 \text{ hourly rate} = \underline{\$350.00}$$

### 25.30.30.c Holiday Calculation for Part-Time Employees

Holidays for part-time employees are paid proportionate to the amount of time in pay status during the month to that required for full-time employment, excluding all holiday hours, if eligible (WAC 357-31-015, 020, 025 or CBAs).

$$\frac{\text{Total month's actual hours worked*}}{\text{Total month's work hours available*}} \times 8 \times \text{Hourly rate} = \text{Gross holiday pay}$$



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\*The calculation includes eligible paid leave, but excludes holidays. The calculation does not include overtime, standby, callback, or any other penalty pay.

**Example:** During the month of May 20xx, a part-time employee worked 90 hours and took one day each of vacation and sick leave. There are 176 work hours available in May (including the Memorial Day holiday). The hourly rate is \$20.00.

90 actual hours worked + 8 hours vacation leave taken + 8 hours sick leave taken = 106.0 hours. Total month's work hours available: 176 hours – 8 hours (holiday) = 168 hours.

Regular pay	106.0 hours x \$20.00	\$ 2,120.00
Holiday pay	106.0/168 hours x 8 hours x \$20.00	+ 100.95
Total pay	(Regular pay + holiday pay)	= \$ 2,220.95

### 25.30.30.d Payments to Commissioners and Board Members

Commissioners and board members are classified in five groups.

#### 25.30.30.d.(1) Members of a Class 1 Group

These members are generally volunteers and typically do not receive any compensation. Compensation may be provided in accordance with [RCW 43.03.220](#). Contact the Department of Labor and Industries regarding the appropriateness of medical aid coverage for these volunteers. Refer to [RCW 51.12.035](#).

#### 25.30.30.d.(2) Members of a Class 2, 3, 4, or 5 Group

Consider members of a Class 2, 3, 4, or 5 groups as state employees and process their compensation through the payroll system. (Refer to [RCW 43.03.230 through 43.03.265](#) for group definitions). For purposes of FTE computation, *each day of pay is considered equal to eight hours*.

#### 25.30.30.d.(3) Compensation

Class 2, 3, 4, or 5 group members qualify for compensation for each calendar day they attend official group meetings and/or perform statutory duties approved by their chairperson. Maximum daily rates are defined in [RCW 43.03.230 through 43.03.265](#). A calendar day of compensation includes all meetings or work performed on that day, regardless of how many hours worked or meetings attended. Compensation may only be paid to a member if it is authorized under the law dealing with the specific group to which a member belongs or dealing in particular with members of the specific group.

#### 25.30.30.d.(4) Exception

If a member is employed full-time by the federal government, any Washington State agency, or local governments and receives any compensation from such government for working that day, the member is ineligible for compensation as a board or commission member.

Administering agencies of the Boards or Commissions are to require a written statement from the public employers that no compensation for work was paid for the same days a board or commission paid the member.

#### 25.30.30.d.(5) Expenditure Object Coding

These payments are coded to Subobject AE - State Special.



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**25.30.30.d.(6) The following deductions apply to the compensation paid to Class 2, 3, 4, and 5 group members:**

- Federal Withholding Tax.
- Old Age and Survivors Insurance (OASI) and Medicare -- Deduct the employee's portion of OASI and Medicare contributions.
- Labor and Industries -- Labor and Industry programs cover all compensated members of Class 2, 3, 4, and 5 groups.

For information regarding the appropriateness of retirement contributions, contact the Department of Retirement Systems at (360) 664-7000 or toll free at 1-800-547-6657.

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### **25.30.40 Fringe benefits**

July 1, 2019

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#### **25.30.40.a Mobile devices**

Under certain conditions, agencies may authorize employees to use their personal mobile devices to conduct state business. Agencies may authorize a monthly stipend for employees who use a personal mobile device in lieu of a state-issued device. Authorization is allowed only when an employee is required to use a mobile device for the conduct of state business based on job requirements.

Payroll taxes will be withheld if required by law. However, the Office of Financial Management (OFM) has determined that payroll taxes will not need to be withheld on any stipend that complies with [OCIO Policy 191 - Mobile Device Usage](#).

The maximum amount of the monthly stipend varies depending on the type of access authorized.

- Voice access - \$10/month
- Data access - \$30/month
- Voice and data access - \$40/month

State agencies can elect to use the [Cellular Device Authorization and Agreement Form](#).

#### **25.30.40.b Taxable Fringe Benefits**

Any property or service that an employee receives from an employer in place of or along with regular wages is a fringe benefit that may be subject to federal employment taxes. If taxable, these benefits are included in gross income and subject to federal income, OASI, and Medicare taxes.

Refer to IRS regulations for the appropriate calendar year regarding specific taxation, valuation, and reporting information. IRS Publication 15-B “Employer’s Guide to Taxable Fringe Benefits” provides detailed information on several types of benefits and is available at:

<http://www.irs.gov/pub/irs-pdf/p15b.pdf>.

Fringe benefits that are taxable under certain circumstances include, but are not limited to:

- Gift certificates



- Awards and prizes
- Personal use of agency provided vehicles, such as commuting between official residence and official workstation
- Clothing allowances
- Moving expenses
- Educational assistance
- Lodging
- Meals
- Unspent, unreturned travel advances

To determine which, if any, fringe benefits are included in earnable compensation for retirement purposes, contact the Department of Retirement Systems at (360) 664-7000 or toll free at 1-800-547-6657.

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### 25.30.50 Compensatory time – Cash-out payments

July 1, 2012

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#### 25.30.50.a General

Overtime-eligible state employees may be compensated in cash or in compensatory time. The Fair Labor Standards Act (FLSA), administered by the U.S. Department of Labor, sets standards regarding overtime pay. Rules and collective bargaining agreements (CBAs) for overtime and compensatory time are written based on this Act. For non-represented employees, refer to WAC 357-28-255 through 285. For represented employees, refer to the applicable CBA. Agencies are advised to review rules and contracts for more complete information.

Cash compensation for overtime is subject to federal employment taxes (income, Medicare, and OASI) and state retirement.

Most compensation for compensatory time cash-out payments are subject to state retirement. In limited circumstances, cash compensation for compensatory time cash-out payments are not subject to state retirement. For more information, contact the Department of Retirement Systems at (360) 664-7000 or toll free at 1-800-547-6657.

#### 25.30.50.b Calculating rate for compensatory time cash-out payments

**Note:** In the 2011-2013 biennium only, refer to WAC Chapter 357-28 or CBAs to determine the appropriate base salary rate for paying overtime or cashing out compensatory time.

1. Except for terminating employees as noted in (2) below, compensatory time cash-out payments shall be paid at the FLSA regular rate earned by the employee for the pay period the employee receives such payment.

**Example:** Employee A is receiving a compensatory time cash-out provided under agency policy or collective bargaining agreement. The employee is continuing employment. Pay compensatory time at the employee's current FLSA regular rate.



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2. Upon termination of employment, compensatory time cash-out payments shall be paid at the higher of:
  - a. The FLSA regular rate in effect for the employee in the pay period the employee receives such payment (or the final pay period, whichever is earlier), **or**
  - b. The average FLSA regular rate received by the employee during the last three years of employment. If the employee has been employed continuously for less than three years, use the period of time subsequent to the last permanent break in service. The average FLSA regular rate shall be calculated by summing total regular pay (excluding overtime premium pay) earned in the periods observed and dividing by total hours worked in the periods observed.

**Example:** Employee B is terminating October 25 and is receiving final pay for all wages owed and leave accrued, including compensatory time. The employee's FLSA regular rate (\$20.15/hour) in the current period is lower than the average FLSA regular rate over the past three years of employment (\$21.00/hour). Pay compensatory time at \$21.00/hour.

### 25.30.50.c Recording compensatory time payable

Agencies are to record a liability for accumulated compensatory time not cashed out by the end of the fiscal year. Refer to [Subsection 85.72.65](#) for instructions on how to estimate and record the compensatory time payable in both governmental and proprietary/trust type accounts.

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## 25.30.60 Other compensation

Jan. 1, 2018

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### 25.30.60.a Relocation compensation and moving expenses

#### 25.30.60.a.(1) Relocation compensation

If the employee receiving relocation compensation terminates or causes termination with the state within one year of the date of the appointment or transfer, that employee may be required to pay back the lump sum payment.

If the termination is a result of layoff, disability separation, or other good cause as determined by the agency head, the employee will not have to pay back the relocation compensation.

Refer to [RCW 43.03.125](#), WAC 357-28-310 through 320, or individual CBAs.

Relocation compensation is subject to federal employment taxes and should be coded to sub-object BZ "Other Employee Benefits."

#### 25.30.60.a.(2) Moving expenses

An agency may pay the moving costs of qualified or transferred employees subject to requirements and restrictions in [Chapter 60](#).

*Tax code change effective January 1, 2018:*





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*All moving expenses, whether paid directly to the employee or to a vendor on behalf of the employee, are considered taxable income. Employees and agencies should consult Internal Revenue Service regulations for further guidance.*

### **25.30.60.b Recruitment and retention premiums**

An employer may adjust an employee's base salary within the salary range to address issues that are related to recruitment, retention or other business related reasons. Under certain conditions, an employer may authorize additional pay to support the recruitment or retention of the incumbent or candidate for a specific position. Refer to WAC 357-28-090 and 095.

Recruitment and retention premiums are coded to the sub-object used for the employee's normal salaries and wages.

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## **25.30.70 Settlement payments**

Oct. 1, 2011

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Sometimes an agency pays a settlement to a current or former employee that is attributable to wages. These settlements are negotiated through either the Department of Enterprise Services, Office of Risk Management or the Office of the Attorney General.

The person handling the settlement should conduct an analysis of the origin of the claim. If any portion is attributable to wages, that portion should be identified and processed through an agency's payroll system. Refer to [Subsection 25.10.30](#).

If applicable, once the agency has approved the settlement, a request for reimbursement from the self insurance Liability Account (Account 547) should be forwarded by the agency to the Office of Risk Management.

For more information, refer to OFM's Payroll Resources website at: <https://ofm.wa.gov/accounting/administrative-accounting-resources/payroll>.