

## APPENDIX B: FORMULAS FOR CALCULATING PAY



STATECIVILSERVICE

All salary calculations begin with the employee's hourly pay rate. For hourly rates, rounding should be done from the 3<sup>rd</sup> decimal place. Please note that all calculations are based on a full-time work schedule.

$$\$10.5245 = \$10.524 = \$10.52$$

$$\$10.525 = \$10.53$$

### PROMOTION

#### Same Schedule

$$1 \text{ Pay Grade} = 1.07 * \text{Hourly Rate}$$

$$2 \text{ Pay Grades} = 1.07 \text{ or up to } 1.105 * \text{Hourly Rate}$$

$$3 \text{ Pay Grades} = 1.07 \text{ or up to } 1.14 * \text{Hourly Rate}$$

Employee A

$$\text{Current Hourly Rate} = \$12.45$$

Promoted up 2 Pay Grades

Must give 7%:

$$\$12.45 * 1.07 = 13.321 = \$13.32$$

May give up to 10.5%:

$$\$12.45 * 1.105 = 13.757 = \$13.76$$

#### From One Schedule to Another

(New Max/Current Max) -1 then:

$$< 14\% = 1.07 * \text{Hourly Rate}$$

$$14\% \text{ but } < 21\% = 1.07 \text{ or } 1.105 * \text{Hourly Rate}$$

$$21\% \text{ or } > 21\% = 1.07 \text{ or } 1.14 * \text{Hourly Rate}$$

$$\text{Current Hourly Rate} = \$15.00$$

Promoted to another Pay Schedule

$$\text{Max of current Pay Grade} = \$24.46$$

$$\text{Max of new Pay Grade} = \$31.46$$

$$(\$31.46 / \$24.46) - 1 = .286 = 28.6\%$$

Eligible for a 7 to 14% salary increase

### PROMOTION (RED CIRCLE RATE/MAX OF CURRENT PAY GRADE)

If an employee's pay is "red circled" (frozen above the maximum of the range), the maximum of the range, not the red circle rate, is the rate used to determine pay upon promotion.

- Grade:  $1.07 * \text{Max of current Pay Grade}$
- Grades:  $1.07 \text{ or up to } 1.105 * \text{Max of current Pay Grade}$
- Grades:  $1.07 \text{ or up to } 1.14 * \text{Max of current Pay Grade}$

Example: Employee A is red circled at \$21.00. They are offered a 1 Pay Grade promotion. Calculate the promotional pay based on the maximum of Employee A's current Pay Grade by 7%.

$$\text{Max of current Pay Grade} * 1.07$$

$$\$19.96 (\text{Max of Pay Grade}) * 1.07 = \$21.357 = \$21.36$$

Note: If the promotion pay is less than what the employee is currently earning, the employee gets no increase upon promotion.

## DEMOTION (SAME SCHEDULE OR FROM ONE TO ANOTHER)

Current Hourly Rate/ 1.07  
Current Hourly Rate= \$15.00  
Employee demotes 1 Pay Grade  
 $\$15.00/1.07 = \$14.018 = \$14.02$

## OPTIONAL PAY LUMP SUM FOR ADDITIONAL DUTIES

### Lump Sum Payment

Hourly Rate \* Percentage Increase  
 $\$19.23 * .05 = \$0.96$

Hourly Difference \* 80 \* # of pay periods, duties  
are performed  
 $\$.96 * 80 * 14 = \$1,075.20$   
(assumes a pay period of 80 hours)

### Recurring Biweekly Payment

Hourly Rate \* Percentage Increase  
 $\$19.23 * .05 = \$0.96$

Hourly Difference \* 80 = Biweekly Recurring  
Payment  
 $\$.96 * 80 = \$76.80$   
(assumes a pay period of 80 hours)

## CORRESPONDING ADJUSTMENT

### Determining the Maximum Allowed Corresponding Adjustment

New Hire Rate - 1  
Old Hire Rate

Old Hire Rate = \$15.00, New Hire Rate = \$17.00

$(\$17.00/\$15.00) - 1 = .1333 = 13.33\%$

### Paying the Corresponding Adjustment

Current Hire Rate \* (1 + Percentage Increase)  
The agency decided on a 3% corresponding  
adjustment.

Employee's Hourly Rate = \$16.00.

$\$16.00 * 1.03 = \$16.48$