

# Wisconsin Human Resources Handbook

## Chapter 504

### Official Hourly Rate (OHR)

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#### Sec. 504.010 Introduction

For payroll purposes, the pay rates and pay adjustments of all covered employees are calculated using the Official Hourly Rate (OHR) as described in this chapter. This is true regardless of whether the employee is paid on an hourly or salaried basis and is true regardless of the frequency with which the employee is paid (e.g., weekly, bi-weekly, or other basis).

The calculation of an OHR has no bearing on whether an employee is paid on a salary basis for Fair Labor Standards Act (FLSA) purposes. See Wisconsin HR Handbook Chapter 520 – Fair Labor Standards Act for more information on FLSA exempt employees and the Salary Basis Test.

The Official Hourly rate is rounded to two (2) decimal places as described in Section 504.050 and applies to both base and supplemental pay.

#### Sec. 504.020 Statutory and Rule Authority

Subsection 16.53(1)(d)(3), Wis. Stats., provides that “In order to utilize modern accounting methods in processing payrolls, the Department of Administration may convert and adjust salaries of all state officers and employees so that they are payable in equal payments throughout the year. To this end, the secretary may promulgate rules necessary to administer this subdivision.”

#### Sec. 504.030 Definitions

1. “**Base pay**” or “**basic pay**” means the pay rate excluding any overtime or supplemental pay.
2. “**Supplemental pay**” means pay in addition to the base rate for circumstances not reflected in the base pay rate or pay range. (For example add-on, night/weekend differential, standby pay, etc.).
3. “**Covered employee**” means, for the purposes of this chapter, any employee whose pay is established under:
  - a) the Compensation Plan pursuant to 230.12(1), Wis. Stats., or,
  - b) a collective bargaining agreement pursuant to 111.91, Wis. Stats

## Sec. 504.040 Converting an OHR

In announcing positions and associated pay rates or pay ranges, it may be more appropriate to list a rate or range other than hourly. For example, most professional managerial positions are often announced with annual pay rates or ranges. Caution should be exercised when using rates other than the OHR. Rounding and/or using other than actual hours may result in amounts that differ from what an employee receives.

When converting the OHR to other rates, the following formula is used for full-time positions:

Weekly Rate	=	OHR	x	40 hours
Biweekly Rate	=	OHR	x	80 hours
Monthly Rate	=	Divide the annual rate by 12		
Annual Rate	=	OHR	x	2080 hours

When converting the OHR for part time positions, the above rates should be multiplied by the position's budgeted full-time equivalence (FTE) percentage.

## Sec. 504.050 Rounding an OHR

The OHR is calculated to the second decimal place. When rounding is needed, for example due to a pay adjustment, the following method is to be used for both base and supplemental pay rates:

The calculation is carried out to five decimal places and any digits beyond the fifth decimal place are dropped. If *any* digit other than zero appears in the third, fourth, or fifth decimal column, the digit in the second decimal place is rounded up.

\$ .4321012345	Initial Calculation
\$ .43210 <del>12345</del>	Drop all digits beyond the 5 <sup>th</sup> decimal place
\$ .43210	Determine if there is any non-zero digit beyond the 2 <sup>nd</sup> decimal place
\$ .44	Round up the 2 <sup>nd</sup> digit if there is a non-zero digit beyond the 2 <sup>nd</sup> decimal place

**Note:** Prior to June 28, 2015, the OHR was rounded up to the third decimal place. Any salary reconstructions or retroactive adjustments prior to that date should be calculated out to three decimal places and then rounded up to two decimal places effective June 28, 2015.

## Sec. 504.060 Referral of Questions

Questions should be directed to staff of the Classification and Compensation Section.

## Sec. 504.070 Administrative Information

This handbook chapter was originally issued with Bulletin P-862 May 24, 1977, as Chapter 504 of the *Wisconsin Personnel Manual*. This handbook chapter was revised in September 2004 to incorporate the information into the *Wisconsin Human Resources Handbook*.

This handbook chapter was revised July 2015 to implement an Official Hourly Rate of two decimal places instead of three decimal places for base pay rates and the calculation of annual rates based on 2080 hours.

This chapter was revised February 2016 to indicate that monthly rates are to be determined by dividing the annual rate by 12. Pursuant to the changes introduced by 2015 Wisconsin Act 55, in July 2015, the Office of State Employment Relations was eliminated, and the functions were transferred into the newly created Department of

Administration, Division of Personnel Management. This chapter was updated to reflect the changes in terminology that resulted from the organizational restructuring.

In June 2018, minor updates were made to ensure that the information is current and to update the formatting of the chapter to align with the Wisconsin Human Resources Handbook standards. In May 2017, the Bureau of Compensation and Labor Relations was modified to be the Bureau of Compensation and Employment Relations. Updates were made to reflect this name change.

Chapter 504 was updated in August 2018 to reflect organizational changes that occurred to the Division of Personnel Management in conjunction with the implementation of Shared Services. The Bureau of Compensation and Employment Relations was divided into two separate bureaus: The Bureau of Classification and Compensation and the Bureau of Employee Management.

The chapter was updated in November 2024 to remove information not related to the OHR and improve readability.