

## City Council Pay Models

Stipend-Only Model	A "stipend-only" model refers to a situation where compensation is provided as a fixed sum for a specific purpose, such as covering living expenses or professional development costs, rather than a traditional salary tied to hours worked or performance. A stipend is typically a per-meeting or per-diem payment, while a salary is a fixed annual amount. For local elected officials, a stipend is treated as extra compensation and is taxable.
Part-Time Salary Model	Part-time employees' pay depends on the same minimum wage and overtime laws as full-time employees, with the Fair Labor Standards Act (FLSA) requiring time-and-a-half for work over 40 hours a week. Pay can be hourly or prorated salary-based, but the wage rate should be equivalent to what a full-time worker would earn for the same responsibilities. Employers must pay for all hours worked, provide workers' compensation, and clearly outline benefits in an employee handbook to avoid confusion.
Full-Time Salary Model	To pay full-time employees, employers must meet the federal minimum wage and pay overtime at a rate of at least one and one-half times their regular rate for hours over 40 in a workweek, unless the employee qualifies for an exemption. Employers must determine the employee's regular rate by dividing total weekly compensation (including non-hourly pay) by total hours worked and then use this rate to calculate any overtime due. Employers also need to account for federal and state payroll taxes and, for some, a higher state or local minimum wage, in addition to providing statutory benefits and potentially comprehensive health and retirement plans.
Tiered Compensation Model	A tiered compensation model is a compensation structure where the payout rate, such as a commission rate, increases as an individual achieves predefined sales or performance thresholds. Unlike a flat-rate model, this "tiering" provides progressively higher rates for greater achievement, which motivates employees to work harder, exceed goals, and drive increased revenue for the company.
Pay + Per Diem Model	A pay-plus-per-diem model is a compensation structure where an employee or contractor receives a regular wage or salary in addition to a daily allowance (per diem) to cover expenses incurred while traveling for business. This model is common for traveling employees, contract workers on temporary assignments, and industries with fluctuating project-based workflows. How the model works: In the pay-plus-per-diem model, the two parts of compensation are treated differently for tax purposes. <b>Pay:</b> The regular salary or hourly wage is taxable income and includes benefits. <b>Per Diem:</b> The daily allowance is typically non-taxable as long as the employer follows an "accountable plan" that requires employees to submit expense reports. This allowance is for specific, business-related costs like: <b>Lodging, Meals, Incidentals</b>
Living Wage Alignment Model	A living wage alignment model refers to the various frameworks, methodologies, and accounting practices that aim to establish a consistent and globally comparable standard for determining a living wage, ensuring it meets a decent standard of living for workers and their families. These models, such as the Anker Methodology, define a benchmark based on local costs for essential goods and services, like food, housing, and healthcare, and can be used by companies and governments to assess and report on progress toward providing living wages and reduce wage gaps within supply chains.
Volunteer Model	A volunteer pay model isn't one-size-fits-all; it can refer to reimbursements for out-of-pocket expenses (like travel and meals), stipends (which must be nominal and carefully managed to avoid creating an employer-employee relationship), or paid Volunteer Time Off (VTO) benefits offered by employers. Organizations must adhere to strict regulations when providing compensation to volunteers, and the value of volunteer time can also be calculated using the federal volunteer rate, which was \$34.79 per hour in 2024.
Thurston County Commissioner Model	No set hours expected, Commissioners paid as full time employees. 2025 - 6% Increase, \$147,936 a year