

THE CALIFORNIA STATE UNIVERSITY
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Date: August 29, 2003

Code: HR 2003-16

To: CSU Presidents

Supersedes: HR 1992-18

From: Jackie R. McClain
Vice Chancellor
Human Resources



Subject: **Red Circle Rate/Payment Over the Salary Range Maximum Policy**

The California State University is responsible for setting policies regarding payment of salaries over the salary range maximum. This memorandum updates and consolidates these policies. If these policies are in conflict with a collective bargaining agreement, the agreement is the controlling document.

An employee may be paid over the salary range maximum for the following authorized conditions:

1. Red Circle Rate

A red circle rate is the employee's salary rate that is over the salary range maximum of a given classification or skill level. The red circle rate is granted when an employee moves to a classification or skill level with a salary range maximum that is lower than the employee's current salary rate. The purpose of a red circle rate is to reduce the adverse financial impact on the employee when the employee is moved to a classification or skill level with a lower salary range. A red circle rate cannot be used to grant a salary increase.

General Overview and Guidelines

- The decision to pay over the salary range maximum is not automatic and requires authorization of the President or Chancellor, as appropriate.
- The red circle rate is limited to twenty-five percent above the salary range maximum of the classification or skill level to which the employee is moving. This limitation minimizes salary inequities that may occur with employees in comparable positions. The red circle rate remains in effect until the maximum of the lower classification or skill level to which the employee has been assigned equals or exceeds the amount of the red circle rate. An employee may retain a red circle rate for up to five (5) years. At the end of the five (5) year period, the

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employee's salary is moved to the salary range maximum of the classification or skill level.

- During the time the employee's salary remains above the range maximum for the classification or skill level, the employee is not eligible for other salary increases (e.g., general salary increases). When the range maximum is adjusted to exceed the employee's salary, the employee becomes eligible for other salary increases; however, the increase cannot cause the employee's salary to exceed the range maximum.
- Campuses have delegated authority to authorize payment over the maximum of the salary range and to implement action, as required (authority granted: HR 1992-03).
- Campuses have delegated authority to process or key the payment over the salary range maximum into the employment history database (authority granted: HR 1994-30).

2. Payment Over the Salary Range Maximum

In addition to red circle rate conditions previously described, other employee groups may be paid above the salary range maximum as described below:

Management Personnel Plan (MPP) Employees

- Presidents have delegated authority to approve payments over the maximum for Administrators I, II and III. Payments over the maximum of the Administrator IV require the approval of the Vice Chancellor of Human Resources.

Confidential Employees

- Confidential employees also can be paid over the salary range maximum when electing a demotion in lieu of layoff (authority granted: FSA 1983-25).

Faculty (Unit 3) Employees

- Pursuant to Article 31 of the Faculty collective bargaining agreement, Instructional Faculty at the "full professor" rank may be paid at a salary rate that exceeds the salary range maximum. For complete information, refer to the Faculty Salary Program and Processing Instructions Web site at: <http://www.calstate.edu/HRAdm/SalaryProgram/Unit3/index.shtml>.

Questions may be directed to Human Resources Administration at (562) 951-4411. Questions regarding faculty employees may be directed to Academic Human Resources at (562) 951-4503. This document is available on the Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

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