Date: June 19, 1992

To: Presidents

From: June M. Cooper
Vice Chancellor
Human Resources and Operations

Subject: Guidelines for Establishing Red Circle Rates

The memorandum coded HR-03 transferred authority to campus presidents to approve payments above the maximum of the salary range (red circle rates) for non-faculty employees except those in the Management Personnel Plan. This memorandum supersedes FSA 77-72, the red circle rate policy which was developed prior to collective bargaining, and provides guidelines for establishing red circle rates. In cases where this policy is in conflict with a memorandum of understanding, the memorandum of understanding is the controlling document.

DEFINITION

A red circle rate is a salary rate that is above the maximum of the salary range for a classification. It is granted when an employee moves to a classification with a salary range maximum that is lower than the employee's current salary.

PURPOSE

The purpose of the red circle rate policy is to reduce the adverse financial impact on the employee when the employee is moved to a classification with a lower salary range. A red circle rate cannot be used to grant a salary increase.

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GUIDELINES

1. The decision to pay above the maximum of a salary range is not automatic. It requires the authorization of the President or Chancellor as appropriate.

2. The amount of the red circle rate is usually limited to twenty-five percent above the maximum of the salary range of the classification to which the employee is moving. The purpose of the limitation is to minimize salary inequities that may occur with employees in comparable positions.

3. The red circle rate remains in effect until the maximum of the lower class to which the employee has been assigned equals or exceeds the amount of the red circle rate. During the time the employee's salary remains above the maximum salary for the class, the employee is not eligible for other salary increases (e.g. merit salary adjustments or general salary increases).

If you have any questions, please call Ron Hull, Senior Human Resources Specialist at (310) 985-2653.

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