

State of California

Memorandum

Date: September 9, 1994

Reference Code: 94-50

To: PERSONNEL MANAGEMENT LIAISONS

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Labor Relations Officers
Personnel Officers

From: Department of Personnel Administration
Classification and Compensation Division

Subject: Rights of Managers and Supervisors in Mid-Management Reduction
Plan Demotions

It has been brought to our attention that some managers and supervisors, in departments implementing mid-management reduction plans, are not being advised of their rights or the total impact of voluntary demotions upon them. Some managers and supervisors feel that they're being coerced to "voluntarily" demote. The specific examples have occurred in locations outside the Sacramento area; therefore, it appears that not all persons responsible for the implementation of the mid-management reductions in field locations are knowledgeable of personnel management law, rules, and procedures.

We ask that all departments participating in the mid-management reductions provide clear and comprehensive guidance to all persons responsible for the reductions and to all persons who will be affected by them. The content of this memorandum addresses some of the issues that they should be made aware of.

Demotions. If it is necessary to demote a manager or supervisor to implement a mid-management reduction and none of the incumbents in the class wishes to demote voluntarily, it is necessary to implement the layoff process and determine who is to be demoted in lieu of layoff based on seniority.

Transfers. An appointing power, in accordance with Government Code (GC) Section 19994.1, may transfer an employee to a different position in the same class in the same or different geographic location; and, in accordance with GC Section 19050.5, may transfer an employee to a position in a different class in the same or different geographic location. If the transfer requires a change of residence, the determination of which employee will be transferred is normally based on seniority (GC Section 19994.2). The employee to be geographically transferred must be given at least 60 days' advance notice, and is entitled to relocation expenses.

Red Circle Pay. An employee, in accordance with GC Section 19837, must have at least 10 years' State service in order to be eligible for red circling of pay. Red circled pay means that an employee's salary is frozen at the current level, in accordance with GC Section 19837, and the employee will not receive

a pay increase while his/her salary remains above the maximum rate for his/her class. You should notify in writing any employee considering voluntary demotion who has less than 10 years' State service that he/she is not eligible for red circled pay. Past practice of the Department of Personnel Administration (DPA) limits the length of time that an employee may receive red circled pay. The time limits are based on the length of the employee's State service and are depicted in the following chart.

Length of Service	Length of Red Circled Pay
10 to 12 years	Two years
13 to 16 years	Three years
17 to 20 years	Four years
21 to 24 years	Five years
25 or more years	Indefinitely

Departments are not required to offer red circled pay.


Red Circle Benefits. In order to be as fair as possible to employees who demote during the mid-management reductions, DPA developed a mechanism that may be used to red circle their benefits. The benefits of a manager or supervisor who demotes may be red circled by changing the employee's Collective Bargaining Identifier (CBID) Code in accordance with the directions contained in Personnel Management Liaison Memorandum 94-20. An employee does not need 10 years' service to qualify and the benefits are retained until he/she promotes back to the manager or supervisor level or leaves the department. When an employee leaves the department that initiated the red circle benefits, the new department has the option of continuing them.

State Restriction of Appointments (SROA) and Reemployment Lists. A manager or supervisor who is to be demoted or transferred to a different geographic location has the option of having his/her name placed on a SROA list for his/her current class and/or location. If participation in the SROA process does not result in the employee finding a new position, and the demotion or geographic transfer occurs, the employee's name should be placed on the appropriate reemployment list(s).

Documentation. It is mandatory in cases such as involuntary geographic transfers and demotions in lieu of layoff to give employees prior written notices of the transactions that include the impact on them and their rights. You shall advise affected employees that they have the right to appeal layoffs, demotions in lieu of layoff, or involuntary transfers to DPA within 30 calendar days of the receipt of notice, and that the appeal does not delay the effective date of the layoff, demotion in lieu of layoff, or involuntary transfer. You shall also give employees written documentation of the red circle pay and benefits that they will receive, and their eligibility to be placed on SROA and reemployment lists. The documentation shall include an explanation that the pay will be frozen at its current level until the maximum salary rate for the class exceeds it, and that the benefits will be frozen. In other words, a supervisor who demotes to a rank-and-file class will not receive new benefits that supervisors become eligible for in the future; however, if the rank-and-file benefits exceed the frozen benefits in the future, the employee shall have the option to switch to the rank-and-file benefits.

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Please contact your Classification and Compensation Division analyst at DPA if you have any questions about this memorandum.


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cc: Supervisory Employee Organizations