

## MEMO

**To:** ALL HUMAN RESOURCE DIRECTORS OF ALL DEPARTMENTS,  
INDEPENDENT ADMINISTRATIVE BOARDS AND  
COMMISSIONS AND OTHER STATE AGENCIES UNDER THE  
GOVERNOR'S JURISDICTION

**From:**  James A. Honchar, SPHR  
Deputy Secretary for Human Resources Management

**Date:** April 1, 2014

**Re: Standard to Management Pay Schedule Rules**

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Effective July 1, 2009, employees in management and nonrepresented bargaining units were migrated from the Standard Pay Schedule to the Management Pay Schedule, with union-covered employees remaining on the Standard Pay Schedule. As these schedules were dissimilar, the cross-schedule calculations found in Sections 5.31(b) and 5.32(b) of the Personnel Rules applied to promotions and demotions between these two schedules. On June 19, 2009, the Office of Administration issued a memorandum detailing alternative methods of calculating cross-schedule movements to simplify these calculations for agencies unfamiliar with cross-schedule calculations.

Effective April 1, 2014, employees assigned to the Management Pay Schedule will receive a 2.25% general pay increase and the rates on the pay schedule will be updated. As a result, the differential between the Standard Pay Schedule and the Management Pay Schedule will decrease again. **The methods of calculation detailed in the June 2009 memo will be modified, effective April 1, 2014.**

For your convenience, the new methods for calculating promotions and demotions are included below with clarifications. Please distribute them to any personnel handling human resources transactions.

### **Promotions**

For promotions from the Standard Pay Schedule to the Management Pay Schedule, **subtract 2** from the employee's current pay scale level (PSL) designation and place

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the employee at the pay scale level designation in the management pay scale group (PSG). This rule applies to one PSG promotions; for example, from ST06 to MA07:

Example: Employee assigned to ST06, PSL 06 being promoted to an MA07 position. Subtract 2 from the employee's PSL ( $6-2=4$ ) and place the employee at MA07, PSL 04.

For promotions greater than one PSG, follow the rule above for the first PSG, then apply the four step increase per PSG provided in section 5.31 (a)(2) of the Personnel Rules for each subsequent PSG:

Example: Employee assigned to ST07, PSL 10 being promoted to an MA09 position. Subtract 2 from the employee's PSL ( $10-2=8$ ) and place the employee at MA08, PSL 08. Then apply a four-step increase and place the employee at MA09, PSL 06.

**When utilizing the promotion rule above, the result of the rule is the maximum pay rate at which the employee can be placed. Agencies have the discretion to assign a lower PSL, and are directed to take peer salary relationships into consideration when assigning a PSL in these instances.**

The alternative method described above only applies to promotions from the Standard Pay Schedule to the Management Pay Schedule. Promotions from the Management Pay Schedule to the Standard Pay Schedule must utilize the cross-schedule calculations found in Sections 5.31(b) and 5.32(b) of the Personnel Rules.

### **Demotions**

For demotions from the Management Pay Schedule to the Standard Pay Schedule, **add 2** to the employee's current pay scale level designation and place the employee at that pay scale level designation in the Standard pay scale group. This rule applies to one pay scale group demotions; for example, from MA08 to ST07:

Example: Employee assigned to MA08, PSL 08 being demoted to an ST07 position. Add 2 to the employee's PSL ( $8+2=10$ ) and place the employee at ST07, PSL 10.

For demotions greater than one PSG, follow the rule above for the first PSG, then apply the four step decrease per PSG provided in Section 5.32(a) of the Personnel Rules for each subsequent PSG:

Example: Employee assigned to MA07, PSL 14 being demoted to a ST05 position. Add 2 to the employee's step number ( $14+2=16$ ) and place the

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employee at ST06, PSL 16. Then apply a four-step decrease and place the employee at ST05, PSL 18.

### **Transfers from ST to MA or MA to ST**

This rule is for employees who transfer from a union position to a management position (or vice versa) with the same pay scale group designation, for example, ST06 to MA06. The employee would be "zero-stepped" at their current hourly rate and placed in the new pay scale group at PSL 00:

Example: Employee assigned to ST06, PSL 08, \$23.43/hr being laterally transferred to an MA06 position. The employee would be placed at MA06, PSL 00, \$23.43/hr.

The employee would remain zero-stepped at that rate of pay until the next scheduled pay increase occurs, either general pay increase or longevity increment. At that time, if possible, the employee would be placed onto an actual PSL on the schedule. The employee would also receive a lump sum cash payment if the step placement would not provide the full amount of the general pay increase or longevity increment. Please contact the Salary and Time Administration Division for instructions regarding step placement and cash payment calculation.

It should be noted that these transfer actions must be processed as either a promotion action (MA to ST) or a demotion action (ST to MA). The SAP system was configured to compare the minimum hourly rates of the two classifications and treat the action as a promotion if the minimum rate of the new class is higher or as a demotion if the minimum of the new class is lower.

### **Pay Equity Adjustments**

Agencies should ensure that the application of the above rules and methods do not create inequitable salary relationships between or among employees. However, in certain situations, that is unavoidable. In those cases where you feel that a salary adjustment is warranted to correct an inequitable salary relationship, please submit a written request to my office.

If you have any questions regarding this memorandum, please contact the Salary and Time Administration Division at 783-8141.