

STATE OF MAINE
DEPARTMENT OF PERSONNEL

July 23, 1984

PERSONNEL MEMORANDUM 4-84

TO: All Personnel Officers

SUBJECT: ARBITRATION AWARD - RETROACTIVE RECLASSIFICATIONS/RANGE CHANGES

This office has received an arbitration award which changes the method of ensuring that employees are not reduced in salary when affected by retroactive reclassifications or reallocations.

Prior to this decision, the language in union contracts which provided that "no employee shall be reduced in salary as a result of reclassification or reallocation" was applied only to the determination of the appropriate salary on the effective date of the reclassification or reallocation. In some cases, reconstruction of personnel transactions from the effective date to the date the action is implemented resulted in the discovery of net overpayments to employees, which were collected, and/or a reduction in the salary paid to the employee immediately prior to implementation.

The recent award decision provides that an employee's salary in effect immediately prior to implementation will not be reduced as a result of a retroactive reconstruction, nor will the employee be responsible for paying back net overpayments identified by such reconstruction. The award further requires the State to pay back all employees who have received less favorable salary treatment, including ten percent interest per annum on any back payments due to the employee.

To meet these requirements, the following procedures will be followed:

1. RECONSTRUCTION OF EMPLOYMENT HISTORY: The State will reconstruct personnel transactions affected by retroactive reclassifications and range changes as before.
2. NET UNDERPAYMENTS/OVERPAYMENTS: If reconstruction results in a net underpayment, the State shall pay the employee the difference due in accordance with payroll procedures. In no event will an employee have to pay back any net overpayments resulting from a reconstruction.

3. SALARY AT TIME OF IMPLEMENTATION:

- A. If reconstruction results in a lower salary on the implementation date than that paid immediately prior to implementation, the employee will be redlined at the higher salary on the implementation date until such time as normal salary progressions and/or salary schedule changes may place the employee back "on step".
- B. If reconstruction results in a higher salary on the implementation date than that paid immediately prior to implementation, the higher salary will be in effect.
- C. If reconstruction results in the same salary on the implementation date as that paid immediately prior to implementation, no change to salary will be necessary. Any future adjustments (merit increases or changes to salary schedule amounts) will be made in accordance with standard policy.

4. FUTURE PERSONNEL TRANSACTIONS FOR REDLINED EMPLOYEES:

All future personnel transactions will be based on the salary schedule, range and step, and the anniversary date which should be in effect based on employment reconstruction. Existing personnel policy shall be used in computing salary adjustments for promotions, transfers, and merit increases, but in no circumstances will the employee be reduced below the established redline salary. Employees will be taken off redline and placed back "on step" when such personnel transactions result in a salary greater than or equal to the redline figure.

Employees who demote while redlined will have their salary computed on the salary schedule, range and step and the anniversary date which should be in effect based on employment reconstruction and will no longer be considered redlined.

Agencies shall take immediate action to identify all employees who have either been reduced in salary or who have paid back wages, or both and take the corrective procedural action outlined below:

OVERPAYMENTS WHICH HAVE BEEN COLLECTED:

The correction of overpayments should be processed directly through payroll. Accounts and Control will require a memorandum referencing arbitration case number 1139-0028-84 and worksheets showing the calculations for monies due. Interest will be calculated at 5/6% per month.

REDUCTIONS OF SALARY AT THE TIME OF IMPLEMENTATION:

Employees who have had their salary range/step reduced on the implementation date of a reclassification or reallocation will require a corrected TA(s), effective the implementation date, and any transactions which require correction between that date and present, as follows:

1. Show the corrected redlined salary amount in Block 42.
2. Show the correct range as authorized by the reclassification/reallocation in Block 33.
3. Place an "R" in Block 34 if the amount to be paid is above Step G of the authorized salary grade.
4. Place an "S" in Block 34 if the amount to be paid is within the authorized salary grade.
5. Lump sum payments due as a result of reduction in salary from implementation date to present should be paid in the same manner as the correction of overpayments, outlined above.

Installation of the new automated personnel records system (MSA) may substantially change the procedures required to comply with the principles of this arbitration award. This memorandum will be updated upon the installation of MSA.



DAVID W. BUSTIN
COMMISSIONER