

Retroactive Pay Changes

4.1.1

PURPOSE

This policy establishes criteria and time periods for retroactive salary actions. A retroactive salary action is defined as any pay change for an employee that is initiated and completed after the date that the action is to be effective. For instance, a step increase request that is received on July 1 but effective on June 10 would be retroactive.

This policy does not apply to general increases and other salary changes that affect groups of employees, as determined through collective bargaining.

POLICY

General Policy and Rationale: The City's compensation plan is based largely on salary actions that occur automatically. When an employee accumulates enough time in a step, he/she automatically moves to the next step.

There are, however, some opportunities for discretionary actions that result in pay changes, including:

- Merit increases,
- Management and ABMEI performance-based step increases,
- Premium pay for bilingual and other skills, and
- Promotions to the higher level of flexibly staffed classes.

These activities have been established as discretionary, and not entitlements, because certain conditions must be fulfilled before the employee is given the additional pay. Each of the conditions in some way establishes that the employee made a contribution to the organization, in terms of performance or skill application, over and above normal standards.

Recognition and documentation are critical components of receiving these types of additional pay. Managers are responsible for observing, monitoring and acting on performance that deserves recognition so that there is a reinforcement-reward value for the employee.

Documentation is necessary to explain why the exceptional actions are appropriate, for organizational consistency. The concept of doing this process and applying the results to an earlier point in time represents an undesirable business practice for the employee and for the organization.

From an operational standpoint, retroactive pay changes also present problems. They require additional labor to correct, and the amount of labor increases with the complexity of the requested correction.

For these reasons, it is the City's policy to limit retroactive actions in the above areas. Managers and department liaisons should actively monitor their employees' eligibility and performance that might qualify them for these actions.

Retroactive Pay Changes**4.1.1**Promotions to Higher Levels of Flexibly-Staffed Classes (Qualifying Promotionals)

Although non-competitive, qualifying promotionals are still types of examinations that are covered by the Civil Service Rules. Eligible lists are the basis for qualifying promotional appointments. Until all the conditions for the list are met and the Director of Employee Services has formally established the eligible list, these appointments cannot occur. *Therefore no retroactive appointments will be made under the qualifying promotional process.*

Premium Pay for Bilingual and Other Skills

Bilingual and other special pay premiums are based on documentation and confirmation that the skill is required and used effectively by the employee. *No retroactive pay premiums will be implemented for bilingual and similar types of pay.*

Merit Increases

While it is also undesirable to have significant delays in rewarding meritorious performance, there are fewer conceptual and operational problems with modest delays in this area. Therefore, Employee Services will generally approve *merit increases retroactive for up to three months* prior to the date received. Departments should try to avoid retroactive merits that overlap other salary actions for the employee, such as requesting the merit to be effective before a general increase took effect. These types of actions increase the labor involved as well as the possibility of data errors in the ES/Payroll system.

Management and ABMEI Performance-based Increases

These actions are generally analogous to retroactive merits. System and contractual issues require some additional considerations; however the same *three-month limit on retroactivity* is appropriate.

Approved:

/s/ Nona Tobin
Director of Human Resources

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Date