

Administrative Guide to the Teamster Job Rate System

Introduction

Effective January 9, 2005 UMDNJ will implement a new compensation system for employees represented by Teamster Local 97. This new system represents a significant change from the manner in which compensation for Teamster represented positions has been handled in the past. This document has been prepared to help facilitate the transition to this new system. It provides, in question and answer format, the information you will need regarding this change, not only so that you can do your job, but also so that you can respond to inquiries from your staff.

Question: Why is the University changing the compensation structure for Teamster represented positions?

Answer: This change was agreed to as part of the current Teamster collective bargaining agreement.

Question: Why did the University agree to this change?

Answer: The change, which was agreed to with the Teamsters, addressed a number of employee relations and compensation issues that existed with the old system.

Question: What were the issues with the old system?

Answer: The old system was essentially the remnant of a "step" system. The previous Teamster salary scale consisted of nine (9) steps. Generally speaking, each year employees would receive the across-the board increase which had been negotiated for them and on their anniversary date would also progress one (1) step on the scale. This type of system does not work well in a low inflation environment because the cost of funding step movements leaves minimal dollars to fund across-the-board increases. In 1997 the University stopped giving step increases.

Question: What kind of issues did the union have with the current compensation system?

Answer: The union believed that rather than increasing the grade of classifications which needed to be adjusted for market competitiveness, a practice existed within the University of simply employing new hires at higher steps in the existing grade. Consequently, newly hired staff were sometimes paid more than similarly qualified incumbent staff.

Question: What kind of issues did the University have with the compensation system?

Answer: The old system limited the University's ability to align Teamster salary scales with market during negotiations. Additionally, there has never been any differentiation between the many types of employees represented by the Teamsters.

Question: What is the new compensation system called?

Answer: The new compensation system is generically called a "Job Rate System".

Question: How does it work?

Answer: Under the previous system each Teamster represented classification was assigned to a salary grade which was associated with a salary range. New hires could be employed at rates of pay between the minimum and the maximum of the salary range. The maximum of the salary range also defined the maximum rate of pay an incumbent in that grade should earn.

Under the new Job Rate System, each classification has been assigned three (3) rates of pay which are defined as follows:

Probation Rate:

The minimum rate at which a new hire may be employed for any given classification. The probation rate is defined as 50 cents per hour less than the then existing job rate.

Job Rate:

The minimum rate of pay an incumbent receives after successfully completing his/her probationary period. This is the benchmark rate of pay for all classifications. The Probation Rate and the Two Year Rate are calculated based upon the established Job Rate for each classification.

Two Year Rate:

The minimum rate of pay an employee may receive upon completion of two (2) years of *qualified service* exclusive of leaves of absence. Service will be calculated based upon the employee's date of hire with the University.

New hires will be employed at the probation rate for their classification. Upon completion of the probation period employees will receive an increase in their base rate of pay to the Job Rate or 50 cents per hour,

whichever is greater. Upon completion of two (2) years of qualified service employees will receive an increase in their base rate of pay to the Two Year Rate or 3.0% of their previous base rate of pay, whichever is greater.

Question: What do you mean by “qualified service”?

Answer: Qualified service means time spent with the University as calculated based upon an employee’s current date of hire. Please note that changes between certain categories of employment (e.g. temporary to regular) can result in changes to the current hire date.

Question: Does this mean that candidates for Teamster represented positions may only be offered the established Probation Rate?

Answer: In most cases the answer to this question is “Yes”. One challenge the University will face under this new system is diminished flexibility in setting pay rates for new hires. This, however, assures the union and our incumbent staff that new hires will not routinely be employed at rates of pay greater than our incumbents.

Question: When is the employment of a new hire at a rate of pay in excess of the Probation Rate permitted?

Answer: The University has negotiated two (2) exceptions to this rule:

- 1) If a new hire has at least four (4) years of related experience for which he/she is being employed, the University, at its sole discretion, may hire the individual at the Two Year Rate immediately. Employees so hired will not receive adjustments to their pay rate upon completion of probation or two years of service. They will, however, receive any across-the-board increases negotiated by the union.
- 2) The University and Teamsters Local 97 have agreed that no new hire may be placed higher than the two year rate, except where extraordinary circumstances exist as determined by the Director of Human Resources Services and the Director of Compensation Services. The University will provide the union with written notice of such exceptions within five (5) business days of the offer being accepted, which shall set forth the extraordinary circumstances deemed to exist.

Question: How will employee movement from Probation Rate and Job Rate, and from Job Rate to Two Year Rate, be accomplished?

Answer: In many institutions with this type of structure, it is incumbent upon operating units to generate paperwork at the appropriate time to implement these changes. Human Resources is developing a system that will relieve operating units of this burden. Further information regarding how this system will function will be communicated shortly.

Question: Will employees receive any other types of increases besides those described above?

Answer: Teamster represented employees will also receive the across-the-board increases negotiated as part of their collective bargaining agreement.

Question: The old Step 9 used to represent a maximum which incumbent employees could earn for any given classification. Is there a new maximum?

Answer: No. There is no longer a maximum rate of pay under this system. Incumbent staff receive whatever is negotiated as part of their contract.

Question: When will the new Teamster job rates be available to managers?

Answer: They will be posted to the Human Resources web site no later than January 21, 2005.

Question: What constitutes a promotion under the new system? A lateral transfer? A demotion?

Answer: These have been defined as follows:

Promotion:

A promotion is defined as movement from one classification to a higher rated classification where the difference in Job Rates is \$0.50 or more per hour. Upon promotion an employee shall receive an increase in base pay rate equal to the difference in the Job Rates for the new and old classifications, or 6.0% of the employee's previous base rate of pay, whichever is greater.

Example:

Paula Smith is a Secretary III (Job Rate = \$17.00/hour), earns \$19.00/hour and has one (1) year of qualified service. She bids on a Secretary II position (Job Rate = \$18.50/hour) and is accepted for the position.

The difference between Job Rates for these two (2) classifications is \$1.50 per hour ($\$18.50 - \$17.00 = \1.50). This defines this change as a promotion (movement from one classification to a higher rated classification where the difference in Job Rates is \$0.50 or more per hour). Upon promotion an employee shall receive an increase in base pay rate equal to the difference in the Job Rates for the new and old classifications, or 6.0% of the employee's previous base rate of pay, whichever is greater.

A 6.0% increase for Ms. Smith would be \$1.14/hour based upon her current pay rate of \$19.00/hour ($\$19.00 \times 0.06 = \1.14). The difference between the Job Rates for these two (2) classifications is \$1.50/hour ($\$18.50 - \$17.00 = \1.50). Our obligation with a promotion is to provide a salary increase equal to 6.0% **or** the difference between the two Job Rates in question, **whichever is greater**. Since the difference between Job Rates provides Ms. Smith the greatest increase (\$1.50/hour versus \$1.14/hour) her pay rate would be increased by \$1.50/hour from \$19.00/hour to \$20.50/hour.

If Ms. Smith's current rate of pay were \$17.25/hour she would receive a \$1.50/hour promotional increase to \$18.75/hour.

Lateral Transfer:

A lateral transfer is defined as movement from one classification to another classification where the Job Rate for the second classification is equal to or is up to 49 cents per hour more than the first classification. Upon lateral transfer to a new classification, an employee will receive either the Probation Rate, Job Rate or Two Year Rate for that classification, as appropriate for their term of service, or shall retain their current base rate of pay, whichever is greater.

Example:

Jane Doe is a Nursing Assistant (Job Rate = \$13.75/hour), currently earns \$14.75/hour and has 5 years of qualified service. She bids on a Nutrition Care Assistant position (Job Rate = \$14.00/hour) and is accepted for the position.

The difference between Job Rates for these two (2) classifications is 25 cents per hour ($\$14.00 - \$13.75 = \$0.25$). This defines this as a lateral transfer (movement from one classification to another classification where the Job Rate for the second classification is equal to or up to 49 cents per hour more than that for the first classification). Upon lateral transfer to a new classification an employee will receive either the Probation Rate, Job Rate or Two Year Rate for that classification, as appropriate for their term of service, or shall retain their current base rate of pay, whichever is greater. The Two (2) Year Rate for a Nutrition Care Assistant is \$14.42/hour.

Since Ms. Doe's current rate of pay (\$14.75/hour) exceeds the Two (2) Year Rate for a Nutrition Care Assistant (\$14.42/hour) she retains her current rate of pay.

In the above example if Ms. Doe's current rate of pay had been \$14.16/hour, the Two (2) Year Rate for a Nursing Assistant, she would receive an increase to \$14.42/hour since we are obligated to pay her at least the Two (2) Year Rate which exists for the Nutrition Care Assistant.

If Ms. Doe had one and one half years of qualified service our obligation would be to give her either her current rate of pay or the Job Rate for the Nutrition Care Assistant, whichever was greater.

Demotion:

Please consult with Compensation Services on demotion calculations for guidance.

Example:

Douglas Woo is a Principal Stock Clerk (Job Rate = \$14.00/hour), earns \$14.00/hour and has one and one half years of qualified service. Mr. Woo bids on a Nutrition Care Assistant (Job Rate = \$13.75/hour) position and is accepted for the position.

The position Mr. Woo bid on has a Job Rate which is 25 cents per hour less than the Job Rate associated with his current classification. This defines this change as a demotion (movement from one classification to a lower rated classification based upon a comparison of the Job Rates for the two (2) classifications). The base rate of pay for an employee taking a demotion shall be reduced by the difference between the Job Rates for the two (2) positions in question.

Therefore, Mr. Woo's pay rate will be reduced by 25 cents per hour to \$13.75/hour in conjunction with this change.

If Mr. Woo were currently earning \$15.50/hour his pay rate would be reduced by 25 cents per hour to \$15.25/hour.

Question: What issues does the new system resolve for the University?

Answer: As part of our agreement with the union all Teamster represented classifications have been assigned to one (1) of four (4) groups:

- 1) Clerical
- 2) Para-Professional
- 3) Service/Support
- 4) Technical

These groups relate to distinctly different markets. This structure, therefore, provides the ability to differentiate between groups in future negotiations and better align each, relative to the market forces which impact them.

Question: Some University classifications have more than one definition of what constitutes a full time work week. For example, an LPN position can be full time at either 35 or 40 hours per week. What happens with the old “work week adjustment?”

Answer: Under the old system such classifications were placed on different salary grades to reflect their different work weeks. **Under the new system, no such differentiation is necessary.** The hourly Probation Rate, Job Rate and Two (2) Year Rate cited for any given classification applies regardless of the work week associated with that classification

Question: What exactly is happening on January 9, 2005?

Answer: Effective January 9, 2005, the probation, job and two year rates are being put into effect. This means that:

- 1) All job offers from January 9, 2005 forward must be based upon the new guidelines described in this document.
- 2) Incumbent staff employed less than 180 days (the length of the Teamster probationary period) must be making at least the Probation Rate established for their classification. Staff earning less than the Probation Rate will have their pay rate automatically increased to this level.
- 3) Incumbent staff who have passed probation, but have less than two (2) years of qualified service, must be making at least the Job Rate established for their classification. Staff earning less than the Job Rate will have their pay rate automatically increased to this level.
- 4) Incumbent staff who have two (2) or more years of qualified service must be making at least the Two (2) Year Rate established for their classification. Staff earning less than the Two (2) Year Rate will have their pay rate automatically increased to this level.

- 5) Incumbent staff earning more than the established rate for their position will retain their current rate of pay. **No incumbent's pay rate will be reduced as a result of this new compensation system.**

Question: I have a new employee starting after January 9th, but he/she was offered the position prior to that date. What is the impact of the new system on this new hire?

Answer: The University will honor all new hire offers which have been made under the old system regardless of the start date. However, if the offer extended was for a pay rate less than the Probationary Rate for the classification, the new hire's starting rate of pay must be increased to the Probationary Rate.

Question: Can a classification's Job Rate be changed?

Answer: Yes. It is in the University's best interests to maintain market competitive rates of pay. Just as under the old system such requests can be made under this system. These reviews will be conducted by the Compensation Services Section of Human Resources. Any change in a classification's Job Rate would also necessitate adjustment of incumbent staff.

Question: If I have additional questions, to whom may I speak?

Answer: You may direct your questions to Del Moss, Director of Compensation Services – she can be reached at extension 2-4845.