LOUISIANA HOUSING CORPORATION

PESONNEL POLICY NO. 45

SUBJECT: PAY UPON DEMOTION

I. POLICY:

The Louisiana Housing Corporation will allow employees the opportunity to demote voluntarily without a reduction in pay based on certain conditions discussed below when funds are available, when the new pay does not exceed the maximum allowable under Civil Service Rules and when recommended by the administrator of the department into which the employee is demoting. In this policy this will be referred to as the "*conditional waiver of pay reduction.*"

II. DEFINITIONS:

Demotion – A change of a permanent or probationary employee from a position in one job to a position in another job which is assigned to a pay grade with a lower maximum.

Promotion – A change of a permanent employee from a position in one job to a position in another job which is assigned to a pay grade with a higher maximum.

Reallocation - A change in the allocation of a position from one job to another wherein the duties of the position have undergone a change.

Job Correction - A change in the allocation of a position as a result of revisions to the job specifications and/or the allocation criteria.

III. AUTHORITY:

Civil Service Rule 6.10, Rate of Pay Upon Demotion, states that when an employee is demoted for any reason under any circumstances, his pay shall be reduced as follows:

- If the demotion is to a job within the same schedule or to a job in another schedule with a lower maximum his pay shall be reduced by a minimum of 7% and may be set at a lower rate in the range provided that it is no less than the minimum.

The rule also allows that an appointing authority may grant exceptions to this rule for voluntary demotions, however, no exception will allow the employee's pay to exceed the maximum of the pay range attached to the job title assigned to the employee. The rule includes a caution that exceptions shall not be granted by the appointing authority in an arbitrary or fraudulent manner designed to increase an employee's rate of pay.

IV. CERTIFICATION:

The Louisiana Housing Corporation certifies that it will not engage in fraudulent promotion/demotion maneuvers as a method of granting pay increases to employees.

V. PROCEDURE:

A. A *Conditional Waiver of Pay Reduction* May Be Considered:

1. When the employee voluntarily demotes into a job within the same schedule or to a job in another schedule with a lower maximum and has not received a *conditional waiver of pay reduction* under this policy within the preceding six-month period.

2. When the employee voluntarily demotes into a job within the same schedule or to a job in another schedule with a lower maximum to avoid being laid off. An employee who demotes for this reason may receive a pay reduction waiver even if he/she has received a prior waiver in the preceding six-month period.

3. When a current permanent state employee is transferred into the Louisiana Housing Corporation into a job within the same schedule or to a job in another schedule with a lower maximum than the employee's current job with the losing department.

Circumstances that are not specifically described above must be presented, in writing, to the Human Resources Department for review.

B. A *Conditional Waiver of Pay Reduction* Will Not Be Considered:

1. When the employee demotes with an effective date of demotion within the six (6) month period following a promotion. That is, a *conditional waiver of pay reduction* will **NOT** be granted to an employee who voluntarily demotes back to his/her former position or any other lower level position within six (6) months of a promotion.

2. When the employee demotes with an effective date that is within six (6) months of the effective date of a demotion for which there was a *conditional waiver of pay reduction*. That is, a *conditional waiver of pay reduction* will **NOT** be granted to an employee who demotes a second time within a six (6) month period, and who received a pay reduction waiver under this policy for the first demotion. One exception to this is discussed in V.A.2 above, i.e., when the employee voluntarily demotes into a lower level position to avoid being laid off.

3. When the employee is involuntarily demoted as the result of official disciplinary action. That is, *a conditional waiver of pay reduction* will not be granted to an employee who is demoted as a result of an official disciplinary action.

4. When the employee's position is allocated to a job title that is at a lower grade in the same schedule or is in a grade with a lower maximum in another schedule than his current job title. Employees who are involuntarily "demoted" by means of a Civil Service action, which reallocates or assigns their position to a lower pay level, are not covered under this policy. The pay rates of employees affected by these actions are covered under Civil Service Rules 6.8, Pay Upon Reallocation, 6.8.1, Pay Upon Job Correction or Grade Assignment, and 6.15, Red Circle Rates.

C. Nature of the <u>CONDITION</u> of the *Conditional Waiver of Pay Reduction*:

1. The conditional aspect of the *conditional waiver of pay reduction* is as follows:

   - If the employee's position is reallocated, or if he/she accepts a promotion or a detail to special duty within six (6) months after the effective date of the *conditional waiver of pay reduction*, then the employee's reallocation pay, promotion pay or pay upon detail to special duty shall be calculated from the salary amount the employee would have received had the employee taken a 7% reduction in pay, or more if applicable, at the time of the demotion.

D. Length of the Condition of the *Conditional Waiver of Pay Reduction*:

1. The waiver of the pay reduction shall be granted conditionally for a period of six (6) months after the effective date of the demotion. At the end of the six (6) month period the condition set forth here terminates, and the employee shall be eligible for promotional pay, reallocation pay and pay upon detail to special duty based on his/her current rate of pay.

VI. EXCEPTIONS:

Requests for exceptions to this policy must be submitted in writing to the appointing authority with specific and compelling justification.

Approved By:

December 5, 2013

Date