

Red Circle FAQ's

What does "Red-Circling" mean?

Employees whose rate of pay is higher than the maximum of the pay range for their position are "red circled." An employee's rate of pay may be red circled through administrative action, position review, or a compensation review process and shall be handled as follows:

- A. If the current rate of pay exceeds the maximum range allowable for the grade, there will be no increase in the rate of pay; and
- B. Future pay increases shall be suspended until the employee's rate of pay conforms to the maximum range for the assigned grade.
- C. City wide wage adjustments may be applied to all employees including those who are "red circled" by the Chief Administrative Officer.

Why would an employee be Red-Circled?

This can happen for several reasons, such as:

- A classification study resulted in a new salary structure.
- Market adjustments lowered the top of the range for a job.
- An employee previously received a pay increase that now exceeds the maximum of their grade.

Will I still be considered Red-Circled if I promote or transfer into another position?

No. Red-Circling is tied to the position classification, not to you as an individual employee. However, if you promote into a position that is already designated as Red-Circled, your pay will be set at the established rate for that classification. In that case, you would once again be considered Red-Circled and would not be eligible for annual increases until the pay structure realigns.

How did pay for my position end up exceeding the market?

Over time, adjustments were made to address internal equity and other pay practices. In some cases, these adjustments increased salaries beyond the current market value for similar positions. As a result, certain positions now exceed market levels until the pay structure realigns.

How does being red circled affect future pay increases for my position?

Being red circled means your current base rate of pay is already above the maximum of the assigned salary range for your position. As a result:

- You will not receive additional base pay increases (such as cost-of-living adjustments or general market adjustments) until the range for your classification increases to a level that encompasses your current salary.
- If your classification's pay range increases in the future and your current salary falls within the new range, you may again be eligible for base pay increases.

Why does the City use Red-Circling?

The City uses Red-Circling to maintain fairness and consistency in compensation. It ensures that pay structures remain equitable and aligned with approved market ranges, while also keeping employees' salaries consistent with the maximums established for their assigned classifications.

Why am I receiving alternate compensation while in a red circle status?

For fiscal year 2026, the Chief Administrative Officer has approved an alternate compensation to recognize your service and align with the citywide 2.5% increase.

What is alternate compensation?

Although your base pay will not increase, you will receive four quarterly lump sum payments totaling the same amount as a 2.5% increase of your base pay. These payments will be calculated based on your current pay rate and distributed on the following schedule:

- First Payment: August 2025 (Timeframe: 7/12/2025-8/23/2025)
- Second Payment will occur on the 12/5/25 paycheck: November 2025 (Timeframe: 8/24/2025-11/28/2025)
- Third Payment: February 2026 -TBD
- Fourth Payment: May 2026-TBD

Each payment will represent one-quarter of the total annual adjustment and is based on the time in a red circled position and payable time.

How much will each payment be?

Payout amounts vary by employee. Payments are based on the current pay rate and the reported payable hours within each payment schedule.

For example, if an employee moves from a probationary rate (Step 1) to a non-probationary rate (Step 2) during the quarter, the payout will reflect the time spent in each step.

The 2.5% applies to the base rate only. Additional pay or temporary upgrade pay is not included in the calculation.

The 2.5% does not apply to overtime hours.

If I am still in a Red Circled position next year, will I still be eligible for quarterly alternate compensation payment?

Quarterly payments for this fiscal year will cease after May 2026 and the program will be re-evaluated.

Glossary of Compensation Terms

Red Circle – When an employee's salary is **above the maximum** of the pay range for their job classification.

Green Circle – When an employee's salary is **below the minimum** of the pay range for their job classification.

Benchmarking – The process of comparing the City's pay structures against market standards to ensure compensation is competitive and fair.

Penetration Percentage – A metric that shows where an employee's salary falls within their pay range, expressed as a percentage of the range.

Midpoint – Also known as the **50th percentile**, this is the exact middle of a pay range and typically reflects the market average for similar jobs.

Compensation Study – A review conducted to evaluate employee pay in relation to market data and internal equity, ensuring salaries are both competitive and fair.

Alternate Compensation – A form of pay provided when an employee is not eligible for a standard increase (such as a cost-of-living adjustment) because their salary is already above the maximum of the pay range. Instead of increasing base pay, the City may provide a one-time lump sum payment or other approved method to recognize service and maintain fairness.

Red-Circled Lump Sum Payment – A one-time payment for employees in Red-Circle status. It is calculated using the employee's current pay rate and the total payable hours reported during the designated pay period.