Example of red circled employees compensation

Company and union negotiate a 3 percent general wage increase effective Jan. 13, 2007.

Employee "A" is an assembly technician at the maximum of the rate range paid at $19.71. This employee's hourly rate will go up to $20.30 – a $.59 per hour increase.

Employee "B" is an assembly technician who has a red circled rate of $20.45 per hour or $.74 per hour above the rate range maximum of $19.71. This employee would receive a supplemental wage payment equal to 3 percent of his 2006 earnings, including overtime as a cash equivalent payment in lieu of the general wage increase. This employee would now be red circled at $.15 per hour above the new rate range maximum of $20.30.

Employee "B" would receive his supplemental wage payment calculated as follows:

\[
\begin{align*}
\text{Red circled rate} &= 20.45 \\
\text{General wage increase to the assembly technician maximum rate range} &= .61 \\
\text{Employee receives .46 as a general wage increase bringing her wage per hour to the new rate range maximum of 20.91, and this employee is no longer red circled.}
\end{align*}
\]

In addition, the employee will receive the difference in general wage increase amount of $.61 ($.46 received as a general wage increase) or $.15 as a lump sum payment based on 2080 hours ($ .15 X 2080 = $312.00 lump sum payment) making the employee whole for the full amount of the rate range maximum increase.
$20.45 \times 2080 \text{ hours} = \$42,536.00 \\
\text{Overtime Premium Pay estimate} = \$3,000.00 \\
\text{Supplemental Wage Payment received in 2007} = \$1,366.08 \\
\text{Total estimated earning for 2007} = \$46,902.08 \\

The third year of the contract the company and union again agree to a 3 percent general wage increase.

Employee "A" and "B" would both receive a general wage increase of $0.63 per hour and the new rate range maximum for the assembly technician classification would be $21.54 per hour.