

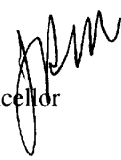
The California State University
Office of the Chancellor
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Date: January 14, 2000

Code: HR 2000-04

To: CSU Presidents

From: Jackie R. McClain, Vice Chancellor
Human Resources



Subject: MANAGEMENT PERSONNEL PLAN MERIT BONUS PROGRAM

Management Personnel Plan (MPP) Title 5 regulations provide the chancellor and presidents flexibility to address MPP compensation issues determining the appropriate pay to be paid a MPP employee and the appropriate salary adjustments to be provided based on merit and need. It has been the Chancellor's policy that salary increases may be provided during the annual merit salary increase program or when there is a change in MPP assignment. The campus has not had the authority to provide merit bonus pay to MPP employees regardless of funding source.

Following discussions with Chancellor Reed and presidents, it has been determined appropriate to provide increased MPP salary flexibility to presidents in line with the pay flexibility now available in many of the university's collective bargaining agreements. Therefore, at this time, the MPP merit salary program has been expanded to include the following merit bonus program:

Presidents have the discretionary authority to reward a merit pay bonus adjustment if either of the following occur:

- ◆ An employee meets specific measurable standards that were spelled out at the beginning of an evaluation period that indicate if specific actions are met a merit bonus pay adjustment will be provided.
- ◆ An employee meets a specific stated objective that is both articulated in advance and is measurable.

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	Vice Presidents, Administration	
	Vice Presidents, Academic Affairs	

A campus electing to use the merit bonus option would be required to have in place specific evaluation plans outlining the criteria and/or objectives for provision of the bonus.

It is important that a total cash perspective be maintained to ensure pay levels stay within competitive ranges and that bonuses are proportionate to employees' contributions and achievements. Bonus payments may not exceed fifteen percent of annual base pay. MPP bonus funding may come from either the annual MPP merit salary increase pool or the pool may be augmented by an amount not to exceed 1% of the campus MPP salary base using campus funds. This augmentation will be for bonus payments only, not for base pay adjustments.

Payroll processing instructions will be provided in a separate technical advisory to appropriate campus personnel.

If you have any questions, please do not hesitate to contact me or Cathy Robinson at 562-951-4501. Thank you.

JRMcC/cr