


THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4411

Date: October 6, 2000 **Code:** TECHNICAL LETTER
HR/SA 2000-19

To: Human Resources Directors
Payroll Managers

From: 
Cathy Robinson, Senior Director
Human Resources Administration

Subject: Confidential Employee Merit Bonus Program Processing Instructions

Pursuant to HR 2000-15, the Confidential employee merit salary program has been expanded to include a merit bonus program. Confidential employee bonus funding may come from either the annual MPP and Confidential merit salary increase pool or the pool may be augmented by an amount not to exceed one percent (1%) of the MPP and Confidential employee salary base using campus funds. **Please note: Total campus funded MPP and Confidential employee bonus payments may not exceed a one (1) percent augmentation of the combined annual MPP and Confidential salary base that was used to calculate the combined merit salary pool.**

The bonus is not a permanent increase to the employee's base salary (e.g., will not be reflected in employment history), and may not exceed fifteen percent (15%) of the annualized base salary of the Confidential position for which the bonus is being provided.

Bonus Considerations:

- For non-exempt employees, bonus awards must be paid as a percentage of gross earnings covering the period of time being evaluated. This methodology meets the FLSA requirement that bonus awards must be factored into the regular rate of pay over the applicable period(s) if overtime was worked within those pay periods.
- For exempt employees, bonus awards may be paid as either a percentage of gross salary or at a flat dollar amount.

-Over-

Distribution:

CSU Presidents
Vice Chancellor, Human Resources
Executive Vice Chancellor and Chief Financial Officer
Vice Presidents, Administration
Budget Officers
Employee Relations Designees
Director, SOSS

Payroll Processing Instructions:

Bonuses will be paid via the PIP system using the serial number of the employee's position. The payment may be requested using the Miscellaneous Payroll/Leave Action form (STD 671) or the time and Attendance Report Form (672).

- The appropriate Earnings ID and the gross amount of the bonus must be denoted on the form to request payment (refer to PPM section G904 for instructions).
 - Use Earnings ID "SF" for non-exempt positions.
 - Use Earnings ID "S6" for exempt positions.
- The bonus is taxable/reportable income, subject to Social Security and Medicare taxation and PERS retirement contributions. The bonus should not be included in the calculation of NDI or IDL.

Please refer to HR 2000-15 for additional information on the Confidential employee merit bonus program provisions. For payroll-related inquiries, please contact Theresa Hines at (562) 951-4412. For inquiries on the Confidential employee bonus program, please contact Pamela Chapin at (562) 951-4414. This Technical Letter is also available on Human Resources Administration's web site at: <http://www.calstate.edu/tier3/HR-Adm/memos.html>.