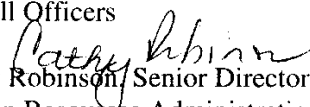


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Date: January 26, 2001 **Code:** TECHNICAL LETTER
HR/SA 2001-01

To: Human Resources Directors
Payroll Officers

From:  Cathy Robinson Senior Director
Human Resources Administration

Subject: Academic Professionals of California (Unit 4) Successor Agreement and Salary Program For Fiscal Year (FY) 2000/01

The California State University (CSU) has reached agreement with the Academic Professionals of California on a successor Collective Bargaining Agreement for Fiscal Years 2000/01 through 2002/03. This technical letter provides salary program information for Fiscal Year (FY) 2000/01 and other pertinent information on related provisions of the successor agreement:

- Effective July 1, 2000, the salary structure will be changed as follows:
 - An open range salary structure will replace the former step structure.
 - The salary structure will be modified to incorporate an 11/12 pay plan schedule for all 12 month classifications.
 - The Service Salary Increase program will be eliminated, removing Service Salary Increase maximums from the salary structure.
 - A new Credential Analyst Trainee classification (class code 2627) will be established.
 - The Evaluator Trainee (class code 2634) classification will change from a flat salary rate to a salary range (minimum/maximum).
- Effective July 1, 2000, a 3% General Salary Increase (GSI) will be applied to employee salary rates and to the salary ranges of Unit 4 classifications.

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Distribution:

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- Effective July 1, 2000, a Merit Salary Increase (MSI) program replaces the Service Salary Increase program. Eligible employees shall receive a 1.2% MSI.
- Effective July 1, 2000, up to a 7.5% Performance Pay increase (PBSI) is authorized in FY 2000/01.
- Effective July 1, 2000, an individual campus may augment its employee performance pay pool with campus funds.
- A Bonus/Stipend Program shall be implemented in FY 2000/01 and consists of a "Long Term Satisfactory Service" bonus, a one-time lump sum payment to eligible employees.
- Effective FY 2000/01, campus-funded lump sum bonus programs may be awarded at the discretion of the President at any time for recruitment, retention and critical skills, pursuant to the MOU.
- Effective in FY 2000/01, an "In-range Progression" salary provision has been added.

Implementation Requirements:

1. Salary Structure Changes:

- Effective July 1, 2000, an "open range" salary structure will replace the former step rate salary structure. The State Controller's Office (SCO) will use a CRO transaction to move employees to the open range structure. As a result, any "off-step" salary amounts identified as a plus salary (Item 815) for performance pay (Item 719 = "50"), SSI increases and/or salary adjustments due to a change in classification (Item 719 = "71") will be eliminated, except in traditional "Plus Salary" conditions (Item 719 = 72). These changes will occur during the week of January 29, 2001, for both active and on leave employees. Campuses processing retroactive salary changes with effective dates prior to July 1, 2000 must use the salary schedule in effect based upon the effective date of the transaction.
- To incorporate the 11/12 pay plan schedule into 12 month classifications, the SCO will move affected employees from Range 0 to Range 1 (only affects class codes 3082, 3084 and 3086). This also will be accomplished via the CRO transaction outlined above.
- The Service Salary Increase program will be eliminated, removing Service Salary Increase maximums from the salary structure.
- Pursuant to Appendix K of the MOU, a new classification "Credential Analyst Trainee" (class code 2627) will be established and incorporated into the salary

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schedule effective July 1, 2000. Classification standards for this new class shall be available to the campuses by no later than November 1, 2001.

- The Evaluator Trainee classification (class code 2634) will change from a flat rate salary structure to a salary range (minimum/maximum) structure effective July 1, 2000. For current Evaluator Trainee employees, Anniversary Date (Item 330) will be changed to 'NONE'.

2. General Salary Increases (GSI):

- General Salary Increases (GSIs) for FY 2000/01 will be accomplished by manual processing by the SCO.
- The SCO will post a GEN transaction for the 3% GSI retroactive to July 1, 2000. Adjustment warrants will be generated as the employee's employment history record is updated. Refer to the SCO's Personnel Letter for processing timelines and instructions.

Revised Unit 4 payscales for FY 2000/01 will be available via CIRS on **January 29, 2001**. This report can be accessed from **Compendium Report Code G20, Cycle 9999**, listed under Systemwide Summary, Salary Schedule. The salary schedule will be available via the CSU web site (<http://www.calstate.edu/hrpims/salary.htm>) on January 29, 2001.

3. Merit Salary Increases (MSIs):

- Effective July 1, 2000, a 1.2% Merit Salary Increase (MSI) shall be posted manually by the campuses via a MSA transaction, for all eligible Unit 4 employees.
- In order to be eligible for a MSI, employees must have completed the required consecutive months of qualifying service pursuant to provision 23.6 of the MOU and must have performed in a satisfactory manner during the 12-month period of July 1999 to June 2000.
- An employee who has **not** received a performance evaluation with an overall rating **below** satisfactory (or its equivalent) during the 12 month period of July 1999 to June 2000, **shall be deemed to have performed in a satisfactory manner**, and will be eligible for the 1.2% increase. If a campus does not have an overall rating structure for the performance evaluations, an overall rating cannot be established retroactively. Thus, employees at these campuses are deemed to have met the performance criteria for this program.
- For purposes of determining MSI service eligibility, a qualifying month of service constitutes 11 days worked in a pay period (or one-half of the academic workdays for academic year classifications). Please note that per Article 22.16 of the collective bargaining agreement, "family care or medical leave shall not constitute a

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break in service for the purposes of length of service and/or seniority...” This includes Family Medical Leave that runs concurrently with NDI and/or catastrophic leave.

- If an employee holds multiple separate and distinct appointments (not due to funding source), performance and service are to be evaluated separately for each respective position. If an employee meets the performance and service criteria in one position but not in the other, the MSI is to be awarded **only** in the eligible position(s).
- The MSI award cannot exceed the salary range maximum and cannot be awarded as a lump sum bonus.
- MSI Denials must be posted by the campus via 330 Transaction for employees deemed ineligible due to below satisfactory performance and are effective July 1, 2000. Indicate in Item 215 “MSI Denial”. A MSI award (MSA transaction) does **not** have to be posted prior to the 330 denial transaction.
- Eligible employees on an unpaid leave of absence (including employees on S46) as of July 1, 2000 will receive the MSI upon return from leave.
- Entering a date in Anniversary Date Item 330 will no longer be required. At campus discretion, the date indicated in Item 330 for an existing employee can be retained. For new hire appointees, campuses must enter “NONE” or “MAX” if the new hire salary rate is at the maximum of the salary range.

HR-ISA will provide **Compendium Report X80, Cycle 0101**, listed under Campus Detail, Special Reports, to identify employees potentially eligible for the July 1, 2000 MSI. Campuses must review the listing to confirm eligibility.

Please note that salary increase transactions with the same effective date **must be processed in the following sequence:**

1. CRO transaction for move to open range (keyed by SCO)
2. GEN transaction for GSI (keyed by SCO)
3. MSA transaction for MSI (keyed by campuses)
4. SCR transaction for PBSI (keyed by campuses)

4. Performance Pay

- The CSU may expend twenty percent (20%) of the total budgeted Unit 4 FY 2000/01 compensation increase (\$778,100 excluding associated benefits costs) on performance pay for Unit 4 employees. Any performance pay money not expended in the fiscal year for either base pay increases or bonus awards will be rolled over for use on that campus for performance pay during the succeeding fiscal year. Each

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campus will receive a joint memo from Employee Relations and Business and Finance identifying its share of the performance pay systemwide funds.

- Performance pay (PBSI) shall be in the form of a permanent increase in the base salary of an employee (reflected in employment history) or in the form of a one-time bonus (not a permanent increase in the base salary) for employees who have reached the maximum rate of the salary range for their respective class. For FY 2000/01, base salary PBSIs are effective **July 1, 2000**, and the maximum performance salary increase and/or performance bonus per employee is 7.5%, excluding any MSI award. As in the past, if an employee is close to the maximum of the salary range, he/she **may** receive both a base salary increase up to the maximum of the range and any remaining award as a one-time bonus, not to exceed the 7.5%.
- Employees on an unpaid leave of absence (including employees on S46) as of July 1, 2000 will receive the PBSI upon return from leave.
- PBSIs in the form of a base salary increase will be posted by the campuses via SCR transaction with a Detail Transaction Code of “50”.
- Pursuant to provision 23.8(g), an individual campus **may** augment its employee performance pay pool with campus funds.
- Pursuant to provision 23.8(f), the appeals process has been eliminated from the performance pay program.

As mentioned above, the salary increase transactions with the same effective date **must be processed in the following sequence:**

1. CRO transaction for move to open range (keyed by SCO)
2. GEN transaction for GSI (keyed by SCO)
3. MSA transaction for MSI (keyed by campuses)
4. SCR transaction for PBSI (keyed by campuses)

5. Bonus/Stipend Program for 2000/01

- In FY 2000/01, the bonus/stipend program shall consist of a Long-Term Satisfactory Service bonus. Pursuant to provision 23.7(b) of the MOU, the bonus is available in five year anniversary increments (e.g., 10th, 15th, 20th, 25th, etc.) beginning with employees who have completed ten years of continuous qualified monthly service on the campus. The bonus will be equivalent to a 5% increase (see instructions below for calculating bonus). During the five year period of campus employment immediately preceding the employee’s appropriate 5th year anniversary, the employee must **not** have received a performance evaluation with an overall rating **below satisfactory** or its equivalent.

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- If a campus does not have an overall rating structure for the performance evaluations, an overall rating cannot be established retroactively. Thus, employees at these campuses are deemed to have met the performance criteria for this bonus program.
- Qualified monthly employment is limited to campus employment but it is not restricted to Unit 4 classifications. However, the employee must be in a unit 4 classification at the time of the anniversary milestone to be eligible for this bonus.
- For purposes of determining eligibility for the Long-Term Satisfactory Service bonus, a qualifying month of service constitutes 11 days worked in a pay period (or one-half of the academic workdays for academic year classifications). Please note that per Article 22.16 of the collective bargaining agreement, “family care or medical leave shall not constitute a break in service for the purposes of length of service and/or seniority...” This includes Family Medical Leave that runs concurrently with NDI and/or catastrophic leave.
- For FY 2000/01, campuses will determine the manner in which the lump sum bonus program will be administered at their respective campus (e.g., bonuses payable in the pay period that eligibility has been attained, or payable on a quarterly or other payment schedule to employees that have attained eligibility within that timeframe).
- For your reference, a sample employee communication for this bonus program is provided as Attachment A.
- To assist in identifying eligible employees, HR-ISA will provide **Compendium Report G94, Cycle 0101**, listed under Campus Detail, Bonus/Stipend. This report will be updated monthly to capture newly eligible employees.

Calculating the Bonus:

Pursuant to provision 23.7(b), for eligible employees paid on a 12 month basis (includes employees on 10/12, 11/12 and AY pay plans), the bonus amount shall be equal to five percent (5%) of the employee’s base monthly salary rate (exclusive of overtime and other premium payments) as of the employee’s 5th year anniversary increment, multiplied by 12, and expressed as a percentage of the employee’s previous calendar year gross earnings.

Example:

A Student Service Professional II-12 Month (class 3082) attains his/her 10th year anniversary in March 2001. In that pay period, the employee’s base monthly salary is \$3,825. The employee’s gross earnings were reported at \$43,560 for calendar year 2000.

Bonus Amount = $\$3,825 \times 5\% = \$191.25 \times 12 = \mathbf{\$2,295}$
Expressed As: **5.26%** ($\$2,295 / \$43,560$)

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Eligible employees on other pay plan schedules (e.g., 10 month) shall receive an appropriate pro-rata amount by taking the employee's base monthly salary rate (exclusive of overtime and other premium payments) as of the employee's 5th year anniversary increment, and multiplying that amount by the pay plan schedule frequency (e.g., 10). This amount shall be expressed as a percentage of the employee's previous calendar year gross earnings.

Example:

A Student Service Professional I-10 Month (class 3078, Range A) attains his/her 10th year anniversary in March 2001. In that pay period, the employee's base monthly salary is \$2,824. The employee's gross earnings were reported at \$29,840 (of which \$3,000 was attributed to overtime) for calendar year 2000.

Bonus Amount = $\$2,824 \times 5\% = \$141.20 \times 10 = \mathbf{\$1,412}$
Expressed As: **4.73%** ($\$1412 / \$29,840$)

6. Bonus Programs for 2001/02 and 2002/03

- Effective July 1, 2001, the Bonus/Stipend Program will be expanded to include an "Educational Achievement" stipend program available to Unit 4 employees who have received a masters or doctoral degree while employed at the CSU.
- Effective July 1, 2002, the Bonus/Stipend Program will be expanded to allocate available funding for professional development activities.
- Specific instructions will be addressed under separate cover at a later date.

7. Campus-Funded Bonus Programs

Campus-funded bonus program provisions provide for lump sum payments that may be used for the following purposes only. Bonuses may be awarded at any time, and are granted at the discretion of the President.

- **Recruitment Bonus:** may be offered to a candidate as an inducement to commit to employment with the CSU. If the candidate does not complete the probationary period, the bonus must be returned to the CSU [Provision 23.13(a)].
- **Retention Bonus:** may be awarded to an employee for staying with the CSU who is in a position in a classification that is critical to the ongoing operations of the CSU, is in short supply in the labor market, and is a "difficult to recruit for" classification. The requirements for the retention bonus must be in writing and the minimum time period that an employee must commit to stay with the CSU in order to receive the bonus is twelve (12) months [Provision 23.13(b)].
- **Critical Skills Bonus:** may be awarded to an employee who possesses and uses skills that are necessary and critical to the ongoing operations of the CSU. The employee must be actively using the skills to be eligible for and receive the bonus [Provision 23.13(c)].

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8. Bonus Payment Instructions:

- Lump sum bonuses shall be payable via PIP system using the serial number of the employee’s position or other serial number as designated by the campus. 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 SCO’s Payroll Procedure Manual Section G904 for instructions).
- All bonuses are taxable/reportable income, subject to Social Security and Medicare taxation. Bonuses should not be included in the calculation of NDI or IDL. The following table identifies bonuses that are subject to PERS withholding from those that are excluded from PERS withholding:

Earnings ID’s SUBJECT to PERS Withholdings			Earnings ID’s EXCLUDED from PERS Withholdings		
Bonus Type	Non-Exempt	Exempt	Bonus Type	Non-Exempt	Exempt
Performance [23.8(A)] General Fund	SF	S6	Long Term Satisfactory Service [23.7(b)]	GR	
Performance [23.8(G)] Campus-funded			Recruitment [23.13(a)]	GL	GK
	Retention [23.13(b)]				
	Critical Skills [23.13(c)]				

9. Bonus Considerations (FLSA/Overtime):

- All bonuses are subject to Section 7(e)(3)(a) of the Fair Labor Standards Act (FLSA) and must be factored into the “regular rate” for overtime calculations over the period the bonus was earned. However, pursuant to provision 23.14, all bonus and stipend awards in the Agreement will satisfy the FLSA requirement if the bonus is taken as a percentage of an employee’s gross earnings over the period in which the bonus was earned or over the period in which the bonus should be calculated pursuant to the MOU, which may include miscellaneous payments from overtime and/or other premium pay, as applicable.
- For specific instructions on calculating the Long Term Satisfactory Service bonus, refer to the instructions under bullet 5 of this technical letter.

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10. Campus-Funded “In-Range” Progression:

- Pursuant to provision 23.15, an increase in an employee’s pay rate within a salary range of a classification due to increased responsibilities and skills of the employee, or for market or pay equity reasons is referred to as an “in-range” progression. This salary action is accomplished via SCR transaction. Enter Detailed Transaction Code (Item 719) “51”.
- An in-range progression must be effective the beginning of the pay period and cannot be effective the same day as the performance increase.

11. General Provisions:

- The 11/12 pay plan schedule has been incorporated throughout the agreement, including, but not limited to: Article 14 Probation and Permanency/Tenure, Article 26 Vacation, Article 27 General Provisions, Article 28 Hours of Work, Article 30 Outside and Additional Employment, Article 33 Layoff.
- Pursuant to provision 8.12(1), the number of Statewide Officers at a campus eligible to use Statewide Officer Leave has been increased from one to two, effective July 1, 2000. The systemwide 780-day maximum and the campus 260-day maximum remain the same.
- Pursuant to provision 8.12(2), the number of Stewards at a campus eligible to use Steward Leave has been increased from one to two, effective July 1, 2000. The 13-day maximum remains the same.
- Pursuant to provision 14.3, in the case of employees promoted or reclassified within a classification series, the probationary period in the higher classification shall be one (1) year, subject to provision 14.9.
- New data reporting requirements are outlined in provision 23.16. Campuses will be required to provide and/or verify detailed data as required. Please maintain campus records accordingly. Specific reporting instructions will be provided at later date.

Employment history processing instructions needed to implement the Unit 4 salary programs for FY 2000/01 will be issued by the SCO. Questions regarding processing instructions should be directed to your campus CSU Audits representative at the SCO. Questions regarding other aspects of this technical letter may be directed to systemwide Human Resources. This technical letter is also available via Human Resources Administration’s web page at:

<http://www.calstate.edu/tier3/HR-Adm/index.html>.

CR/dth

ATTACHMENT A

[SAMPLE EMPLOYEE COMMUNICATION]

LONG TERM SATISFACTORY SERVICE
BONUS NOTIFICATION

Dear [employee name],

Congratulations on achieving your [10th, 15th, 20th, etc] anniversary at [campus name]. In accordance with provision 23.7(b) of the agreement between the CSU and the Academic Professionals of California, you will receive a one-time lump sum bonus amount of [\$amount] which shall be provided to you on [date].

This bonus amount was calculated per Article 23.7(b) as follows:

$\$[\text{_____}]$ (base monthly salary as of your [10th, 15th, 20th, etc.] anniversary) x 5% x [\text{_____}] (# months in work year) = $\$[\text{_____}]$ (bonus amount).

This bonus amount is [\text{_____}] % of your gross earnings for the [\text{_____}] calendar year.

If you have questions regarding this bonus, please contact [insert campus representative name].