Date: March 16, 2011

To: Associate Vice Presidents/Deans of Faculty
    Human Resources Officers
    Payroll Managers

From: Evelyn Nazario  Margaret Merryfield
      Assistant Vice Chancellor  Senior Director
      Human Resources Management  Academic Human Resources

Subject: Implementation of FERP Arbitration Award

Background
On April 20, 2007, Arbitrator Bonnie Bogue issued a decision and award in several consolidated grievances by the California Faculty Association over the workload of participants in the Faculty Early Retirement Program (FERP). On October 15, 2007, Arbitrator Bogue issued a supplemental ruling regarding the implementation of the award. According to the terms of the supplemental ruling, individuals who were participants in the FERP from the period beginning March 2004 and extending through the term including April 2007 were potentially eligible for either a cash award or prospective workload relief if, during the period in question, they were involuntarily assigned either (1) an all-teaching assignment or (2) a teaching assignment that was not proportionate to either the individual's pre-retirement teaching assignment or, in cases where the individual’s pre-retirement assignment was not typical of tenure-track faculty in the department, the customary assignment of tenure-track faculty in the department.

The award further required that individuals who believed they might be entitled to an award come forward and provide information regarding their FERP and pre-retirement assignments. Accordingly, a questionnaire was

Distribution:
CSU Presidents  Budget Officers
Executive Vice Chancellor & CAO  HR Professionals
Vice Chancellor, Human Resources  State Controller’s Office/PPSD
All campus Vice Presidents
distributed to all individuals who participated in FERP during the window of the award. Faculty Affairs offices on each campus analyzed the responses and identified individuals who meet the criteria for an award.

Individuals who completed the questionnaire were given the option of electing a monetary award or a prospective workload adjustment. Those individuals who meet the award criteria and elected a prospective workload adjustment are not entitled to a monetary award; campus Faculty Affairs offices will work with these individuals to provide an appropriate workload adjustment.

For eligible individuals, the award amount was determined as follows. For each academic year in which the FERP participant was involuntarily assigned direct weighted teaching units (WTU) in excess of what would have been a proportionate assignment:

- Determine the number of direct WTU assigned in FERP.
- Determine the number of WTU taught annually by the faculty member prior to retirement (or the number of WTU typically taught by tenure-track faculty in the department.)
- Calculate the award:
  - Step 1. Divide the number of assigned WTU by the number of WTU taught prior to retirement (or the number of WTU typically taught by tenure track faculty in the department)
  - Step 2. Subtract the average annual time base of the faculty member while in FERP from the result in step 1. Note that a faculty member who works full-time for one semester has an average annual time base of 0.5, and a faculty member who works full time for one quarter has an average annual time base of 0.333.
  - Step 3. Multiply the difference by the annual full time salary. This is the amount of the award for that year.

- Awards will be in the form of lump sum payments. If an award is owed for more than one year, awards may be aggregated into a single payment.
- For academic year 2003/04, only the winter (quarter campuses) and spring terms should be considered.
- The decision recognizes that a variance of a few percent in assignment may be necessary in order to satisfy scheduling considerations, and would not constitute excessive workload.

Example: Faculty member with 0.5 FERP time base had a pre-retirement teaching assignment of 24 WTU annually. In 2004-05, the FERP assignment was 15 WTU of direct instruction. Annual full time salary as of 2004-05 was $90,000.

Calculation of Award:
  Step 1. 15/24 = 0.625.
  Step 2. 0.625 – 0.5 = 0.125.
  Step 3. 0.125 x $90,000 = $11,250. This would be the award amount for 2004-05.

The following processing instructions are provided in Attachment A:
⇒ Lump sum award payments

Please direct questions regarding this technical letter as follows:

**PIPs processing instructions:** CSU Audits representative at the SCO
**CMS Baseline processing instructions:** CMS liaison for systemwide HR at (562) 951-4418
**Collective bargaining aspects:** Collective Bargaining at (562) 951-4400
**All other questions:** Academic Human Resources at (562) 951-4503

This document is available on Human Resources Management’s Web site at: [http://www.calstate.edu/HRAdm/memos.shtml](http://www.calstate.edu/HRAdm/memos.shtml).

EN/mm
Attachment
**PROCESSING INSTRUCTIONS**

I. **FERP Arbitration Award Lump Sum Payment**

<table>
<thead>
<tr>
<th>PIP PROCESSING INFORMATION:</th>
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| Processing Responsibility: | • The campuses are responsible for keying lump sum payments for active employees.  
• The campuses will submit 674 documents to State Controller’s Office PPSD to process all others. |
| Processing Date(s): | • Campuses should process at a time consistent with the arbitration award. |
| Earnings ID: | GV |
| Amount: | Varies by employee, refer to arbitration award |
| Subject to Retirement Withholdings: | No |
| Taxable/Reportable: | Yes |
| Subject to Medicare/Social Security | Yes |
| Included in Calculation for Overtime: | N/A |
| Included in the Calculation for NDI/IDL Payments: | No |
| Earnings Statement Description: | CSU LMP SUM |
| Additional Information: | • Payments should be generated using the most recent pay period within the employee’s existing faculty appointment. |

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<thead>
<tr>
<th>CMS PROCESSING INFORMATION:</th>
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<td>Benefits:</td>
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| Time and Labor: Earnings ID: | • GV - Process via Additional Pay  
• Refer to Amount(s)/Processing Date(s) above |
| Leave Accounting: | N/A |
| Absence Management: | N/A |
| Labor Cost Distribution: | N/A |
| Additional Instructions: | N/A |