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THE CALIFORNIA STATE UNIVERSITY
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Date: January 28, 2004
Code: **TECHNICAL LETTER**
HR/Benefits 2004-04

To: Associate Vice Presidents/Deans of Faculty
Human Resources Directors
Benefit Officers
Supersedes: HR/Benefits 2003-12

From: Cathy Robinson 
Assistant Vice Chancellor
Human Resources Administration
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Subject: **Faculty Early Retirement Program (FERP) Summary**

The summary of the Faculty Early Retirement Program (FERP) features and provisions has been updated to reflect program changes resulting from recently concluded negotiations between the California State University (CSU) and the California Faculty Association (CFA). Program changes are underlined. This information complies with both the Faculty Collective Bargaining Agreement (CBA) and CalPERS regulations. This letter provides guidance to campuses in administration of this program and does not supersede the CBA. In the event of any discrepancies between this letter and the CBA or other legal requirements, the CBA and legal requirements govern. Features of FERP include the following:

- FERP is available to tenured faculty and librarians. The program is not available to counselor faculty unit employees. Employees wishing to enter FERP must be at least 55 years of age and eligible for a service retirement. Eligible faculty and librarians shall notify the President in writing at least six (6) months prior to the beginning of the campus academic year that he/she opts to participate in FERP. The president may waive the required notice period.
- FERP appointments may be in the following classifications:
 - 2360 - Instructional Faculty, Academic Year
 - 2399 - Instructional Faculty, Academic Year
 - 2482 - Department Chair, Academic Year
 - 2913 - Supervising Librarian, 10-month

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2914 - Supervising Librarian, 12-Month
2919 - Librarian, 10-Month
2920 - Librarian, 12-Month
2926 - Librarian, Program Services, 10-month
2927 - Librarian, Program Services, 12-month

- FERP participation shall commence at the beginning of the campus academic year. Service retirement shall begin concurrently with or prior to the beginning of the campus academic year. The period of employment during each campus academic year is determined by the president and specified in an appointment letter to the participant. The period of employment may be one academic term (not to exceed 90 workdays) or fifty percent of the employee's regular timebase in the year preceding retirement. A participant may be granted a reduction in timebase, and such reduction shall continue for the duration of the FERP appointment.
- FERP employment is at the same rank and salary as prior to retirement. Unless otherwise specified in the CBA, FERP participants remain eligible for salary increases such as GSI, SSI, and merit increases.
- Pursuant to CalPERS regulations (GC 21227), "a retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system [CalPERS] as a member of the academic staff of a California state university, if that service does not exceed, in any fiscal year, a total of 960 hours for all employers or 50 percent of the hours the member was employed during the last fiscal year of service prior to retirement." During the period of FERP participation, both the CBA provisions and the CalPERS regulations apply. For the purpose of calculating hours of post-retirement employment for academic year employees, multiply the number of academic workdays in the campus academic calendar by the employee's timebase and then by 8. For 12-month employees, multiply the number of days in the pay period by the employee's timebase and then by 8.

For example:

- (1) FERP appointment at half-time for the academic year. The campus academic calendar includes 170 academic work days in the academic year. Hours worked = $(170) \times (0.5) \times (8) = 680$ hours.
 - (2) FERP librarian appointment in 12-month position full-time from March 1 to June 30, 2003. Combined total days in each monthly pay period from March 1 to June 30 = $21 + 22 + 22 + 21 = 86$ days. Hours worked = $(86) \times (1.0) \times (8) = 688$ hours.
- If a faculty member was in a 12-month position prior to retirement, the faculty member is converted to an academic year appointment for the duration of FERP. The salary level is converted using the standard formula ($AY \text{ salary} = 12\text{-month salary} / 1.15$).
 - Librarians in 12-month appointments may remain in a 12-month appointment for FERP. The period of employment during each campus academic year is determined by the

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president and specified in an appointment letter to the participant. The period of employment may be one academic term (not to exceed 90 workdays) or fifty percent of the employee's regular timebase in the year preceding retirement (but not to exceed the CalPERS limit of 960 hours).

- Librarians in 10-month and 12-month appointments continue to accrue vacation according to timebase. Any paid vacation during the period of FERP employment counts toward the employment limit. Unused vacation is paid in a lump sum settlement at the end of FERP participation, or at the end of each year, per campus option.
- The duration of FERP employment is as specified in the CBA. The current limit is five years. FERP faculty who are employed at up to 50% of what their timebase was in the year prior to retirement need not be separated at the end of each academic year. A separation transaction will be required at the end of the FERP appointment, or when the FERP participant changes the nature of the appointment (e.g., from half-time AY to full-time AY for a semester), or if the participant does not work the following year. FERP faculty who are appointed for only one term per year must be separated at the end of each term and reappointed at the start of the next period of employment.
- FERP participants must be compensated only for those periods in which an appointment is in effect. For example, a FERP participant assigned to work full-time for one semester will receive compensation at the full time monthly rate for that semester. It would be inappropriate to pay the FERP participant at a half-time monthly rate for the academic year in this instance.
- Calculation of the period of employment includes days worked in summer session/special session or CSU extension that do not coincide with the period of FERP employment. The option of this employment in addition to FERP is available to FERP participants who are employed for one term less than 90 days. The total of FERP plus summer/special session/extension may not exceed 90 days. CSU employment in summer/special session/extension is not available to participants who are employed at 50% for the academic year, since they already have reached the allowable employment limit. Other than specified in this paragraph, FERP participants are not eligible for other CSU appointments while in FERP. For example, a FERP participant may not be appointed as a lecturer and may not be appointed to additional employment.
- FERP participants are eligible for one (1) leave of absence without pay for personal illness for all or part of the period of employment. Although ineligible for CSU Family Medical Leave, FERP participants are subject to federal and state family medical leave statutes.
- For 2003/04 and 2004/05 **ONLY**, FERP faculty may be granted a leave of absence pursuant to the side letter of agreement in the CBA.
- At the time of the service retirement and appointment in FERP, a participant may elect to carry over up to forty-eight (48) hours of sick leave into the FERP appointment thereby

reducing the amount of accumulated sick leave available for conversion to service retirement credit. In addition to the sick leave carry over, if any, full-time FERP participants shall continue to accrue eight (8) hours of sick leave per qualifying pay period during the period of employment. Such accrual shall be pro rata for less than full-time participants. A maximum of one hundred and sixty (160) hours of sick leave may be accrued during FERP. At the end of the FERP appointment, any remaining sick leave is forfeited and may not be converted to service credit.

- During the periods of active employment, FERP participants are to be considered tenured faculty subject to specified provisions of the CBA. Seniority date is calculated as for other tenured faculty.
- FERP participants may serve as department chair during the period of employment. This includes faculty who were not serving as department chair at the time of retirement. Service is at the same rank as at retirement. The department chair stipend is added for the period of service as department chair.
- A FERP participant who was in the Pre-Retirement Reduction in Timebase (PRTB) program prior to retirement and who elects the FERP employment option of fifty (50) percent of the regular timebase in the year preceding retirement, would be limited to fifty (50) percent of the PRTB timebase. For example if a FERP participant was working half-time as a PRTB employee at the time of retirement, then he/she would be eligible for FERP employment at twenty-five (25) percent. The FERP employment option of full-time for one academic term up to 90 days would also be available.
- Under the law, FERP participants are considered retired annuitants and as such, are not subject to CalPERS or Social Security contributions on post retirement income. Post retirement income is subject to mandatory Medicare coverage.
- FERP participants receive their health care benefits through the state as a retiree. A FERP participant who becomes eligible for Medicare after January 1, 2001, may no longer be enrolled in a CalPERS "basic" health plan. To remain eligible for a CalPERS health plan, the FERP participant must enroll both in the federal Medicare program and in his/her health plan's Medicare plan. Enrollment in Part A of Medicare is automatic, but the FERP participant must personally apply for Medicare Part B. If the FERP participant does not apply for Medicare Part B when initially eligible, a penalty will be assessed for late enrollment. Please refer to HR/Benefits 2001-06 for additional information.
- FERP participants are eligible for enhanced dental benefits and vision coverage during the full five-year work entitlement and may contribute to a Tax Sheltered Annuity while in active pay status. Eligibility for enhanced dental benefits and vision coverage is based on the standard CSU benefits eligibility criteria of a timebase of at least half-time.
- Due to their retirement status, FERP participants are ineligible for the Non-industrial Disability Insurance (NDI) and Industrial Disability Leave Insurance (IDL) programs. FERP participants are eligible to receive Workers' Compensation Temporary Disability payments for work-related injuries.

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Please note: It is critical for both the campus and the FERP participant to ensure work remains within the timeframes provided under law. If a FERP participant exceeds the permitted work limitations, the FERP participant is subject to reinstatement, resulting in his/her status being changed to “employee” requiring the repayment of benefits, payment of contributions to CalPERS and other penalties as determined by CalPERS. The employer is subject to similar penalties.

This memorandum is also available on the Human Resources Web site at <http://www.calstate.edu/HRAdm/memos.shtml>. Questions may be directed to Academic Human Resources at (562) 951-4425 or Human Resources Administration at (562) 951-4411.

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