

Memorandum of Understanding
Fiscal Years 1999/2000 & 2000/01 Compensation

The parties hereby agree to the following regarding fiscal years 1999/2000 & 2000/01 compensation:

Fiscal Year 1999/2000 Increases

If the final gross general fund budget of the CSU has increased by at least \$160 million (including both general fund and student fee revenue) from fiscal year 1998/99 to fiscal year 1999/2000, then the total compensation increases to faculty unit employees based on a four percent (4%) compensation pool shall be distributed as follows: (a) forty percent (40%) of the increases shall be for faculty merit increases, including those for SSI-eligible employees, and (b) the remaining sixty percent (60%) shall be for the general salary increase. If the increase in the final gross general fund budget is less than \$160 million, then the parties shall give priority to funding a service salary increase, and shall reopen negotiations solely on the amount and distribution of the general salary and merit salary increases.

If the final gross general fund budget of the CSU has increased by at least \$175 million (including both general fund and student fee revenue) from fiscal year 1998/99 to fiscal year 1999/2000, then the total compensation increases to faculty unit employees shall be a total of 5% distributed as indicated above. If the gross general fund budget has increased by at least \$190 million, then the total compensation increases to faculty unit employees shall be a total of 6% distributed as indicated above. Any augmentations in the final CSU budget that were not included in the Trustees Budget request are excluded from these calculations.

Fiscal Year 2000/01 Increases

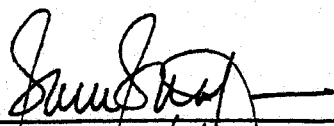
If the final gross general fund budget of the CSU has increased by at least \$180 million (including both general fund and student fee revenue) from fiscal year 1999/2000 to fiscal year 2000/01, then the total compensation increases to faculty unit employees shall be distributed as follows: (a) forty percent (40%) of the increases shall be for faculty merit increases, including those for SSI-eligible employees, and (b) the remaining sixty percent (60%) shall be for the general salary increase. If the increase in the final gross general fund budget is less than \$180 million, then the parties shall give priority to funding a service salary increase, and shall reopen negotiations solely on the amount and distribution of the general salary and merit salary increases.

Fiscal Year 2000/01 Increases (con't.)

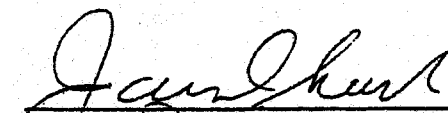
The CSU Board of Trustees shall adopt a budget request that will fund at least a 6% salary increase for the faculty. The amount of this request will be \$62.4 million assuming a 6% salary increase in fiscal year 1999/2000. This amount may change due to retirement adjustments in the compensation base. If the salary increase is less than 6% in fiscal year 1999/2000 this number will be adjusted proportionately. Compensation will be the highest priority for requests in the Trustees' budget after recurring costs and enrollment. A "compact" with the governor is currently under negotiation. The proposed compact establishes certain priorities for budget increases as well as performance and accountability measures for the CSU and the UC. It is the intention of the CSU and the CFA that the CSU shall abide by the terms of the compact regarding expenditures in specific budget categories.

For the California State University

For the California Faculty Association



Date: 6/4/99



Date: June 4, 1999