THE CALIFORNIA STATE UNIVERSITY
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Date: July 14, 1999

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

From: Cathy Robinson
Senior Director
Human Resources Administration

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Senior Director
Academic Personnel Services

Subject: Fiscal Year 1999/2000 Salary Program for Faculty (Unit 3)

The California State University has received its budget allocation for fiscal year 1999/2000. Based on this budget and the Agreement with the California Faculty Association, the following terms apply for the Fiscal Year 1999/2000 salary program for faculty:

- A 3.56% General Salary Increase (GSI) to the salary of each faculty unit employee and to the salary steps, ranges, rates and special schedules of Unit 3 classifications, effective July 1, 1999. An additional 1.0% GSI (for a total GSI of 4.56%) for counselors (classification codes 3070, 3071, 2341, 2342, 3072, 3073, 3074, and 3075), effective July 1, 1999.

- A 2.65% Service-based Salary Increase (SSI) for eligible unit members who are reviewed and granted a SSI, subject to the new SSI review procedures and to the SSI maximum.

- A combined merit pool for both SSIs and Faculty Merit Increases (FMIs) for fiscal year 1999/2000, of $20.5 million, excluding associated benefit costs. A joint memo from Employee Relations and Business and Finance will identify each campus’ share of the merit pool systemwide funds. Unexpended funds from the SSI and FMI pool, after appeals, shall be rolled over and added to the campus FMI pool for the next fiscal year.

- The effective date of FMIs will be retroactive to July 1, 1999 (with recipient selection concluded by November 20, 1999). The maximum FMI total for fiscal year 1999/2000 is 7.5% (includes FMI base increase and bonus) of an employee’s annual salary.

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Distribution:

Chancellor Reed
Vice Chancellor, Human Resources
CSU Presidents
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Vice Presidents, Administration
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Implementation Requirements:

1. Salary Structure Administration:

- To allow for automated processing, effective July 1, 1999, an administrative “open range” salary structure was created to run parallel with those Unit 3 classifications that reflect a salary step structure in the MOU. Retroactive salary transactions with effective dates prior to July 1, 1999 will use the salary schedule in place on the effective date of the transaction.

The administrative “open range” salary schedule is pertinent only to those Unit 3 classifications that reflect step structures and will not affect other salary ranges, rates or special schedules within the Unit 3 payscales. The use of this administrative salary structure will eliminate the need to distinguish off-step salary rates as a plus salary, except in traditional Plus Salary conditions.

- In response to the administrative “open range” salary structure, “benchmark” salary rate equivalents for Sabbatical and Difference In Pay leave determinations will be based upon the following:

<table>
<thead>
<tr>
<th>Benchmark Class Code</th>
<th>Classes Eligible for Benchmark</th>
<th>Benchmark Range Code</th>
<th>Salary Rate for Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>0356</td>
<td>0356, 0357, 0356, 0357</td>
<td>2</td>
<td>Salary Rate is the Minimum of the Range for the Respective Range Code</td>
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<td>0362</td>
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</tr>
<tr>
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<td>2361**</td>
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<td></td>
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<td>2920</td>
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</tr>
<tr>
<td>3070</td>
<td>2342, 2370, 2372, 2374</td>
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<td></td>
</tr>
<tr>
<td>3071</td>
<td>2341, 2371, 2373, 2375</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

* This class supplements class code 2360 for use only when the campus has exceeded the maximum allowable position serial numbers for class code 2360

** Restricted to Statewide Nursing Program (SNP) employees only

- As described in Technical Letter HR/SA 97-06, Supplement #1, Range Code 3 salary steps and ranges were modified for Lecturer AY Stanislaus (2331), Lecturer AY (2358), Lecturer 12 Month (2359), Lecturer Statewide Nursing Program AY (2308), Librarian 10 MO (2919), Librarian 12 MO (2920), Supervising Librarian 10 MO (2913) and Supervising Librarian 12 MO (2914) classifications. The first four (4) steps of the B range (Range Code 3) were restricted for use to lecturers who had a current multiple year appointment. Steps 1-4 will be eliminated effective
September 1, 1999. The new minimum will be equivalent to Step 5, and the salary ranges for these class codes will parallel the salary ranges for other instructional faculty classes.

2. General Salary Increases (GSI):
   - The State Controller’s Office (SCO) will post a GEN transaction for the 3.56% GSI (4.56% for Counselors) via mass update for the July 1999 pay period for almost all faculty employees. Mass update processing will be scheduled in late July 1999. The mass update will include most employees with Plus Salary rates. For the mass update, all Plus Salary rates (including department chair stipends that have been added into the base salary) will be incorporated into the base salary, and this calculated total salary will receive the GSI when the mass update is processed. For the remaining faculty employees, the GSI will be processed manually by the SCO, with pay warrants available by early September. Refer to the SCO’s Personnel Letter for processing timelines and instructions.

   Revised payscales will be available via CIRS after the mass update is run. Access Report Code G20 listed under Systemwide Summary, Salary Schedule, Cycle 9999. (The salary schedule will include both the administrative and the step structures.) The 1998/99 Unit 3 payscales with an effective date of September 1, 1998 will continue to be available under Report Code G20, Cycle 9809. The updated Unit 3 salary schedules will be available on the CSU WEBSITE (http://www.calstate.edu/hrpims/salary.htm) after the mass update has been completed.

   - Employees appointed via Special Payment (A54) transaction (class codes 2322, 2323, 2357, and 2402) whose last day worked is 7/1/99 or later (regardless of the effective date of the A54 transaction) are entitled to the GSI. Special Payment transactions with an effective date of 7/1/99 or later are also entitled to the GSI.

   - Campuses will be responsible for processing employment history corrections for employees who receive the GSI effective July 1999 pay period and who subsequently receive a salary adjustment retroactive to July 1, 1999. Campuses should refer to appropriate procedures for out-of-sequence processing.

   - During the period in which an employee serves as department chair and receives a department chair stipend, all salary transactions (e.g., FMI and SSI) will be based upon the new assigned salary rate. Campuses that continue to use PIP to process department chair stipend payments in the July and August pay periods will need to provide a special payment equivalent to the GSI for the stipend.

3. Service-based Salary Increases (SSIS) and Lecturer Salary Increases Related to Units of Service:
   - **Review Process:** Pursuant to Article 31, bargaining unit members eligible for a Service Salary Step Increase (SSI) in FY 1999/2000 shall be reviewed by the department and appropriate academic administrator, who shall either grant or deny the SSI. The SSI review process shall take place prior to the FMI review process. The decision to grant or deny a SSI shall be subject to the Service Salary Increase Appeal Process. Faculty who receive a SSI will also be eligible for up to a 7.5% FMI.
Pursuant to Article 12.9, lecturers who have completed 24 units on a semester campus, or the equivalent on a quarter campus, in the same department or equivalent unit, shall receive a salary increase equivalent to the percentage of the negotiated SSI, provided that they meet the requirements of Article 31. The review process, including the appeals process, described in the preceding paragraph applies to these lecturers as well.

Payroll Administration Changes: Due to the new SSI review process, the automated process to post SSIs for eligible employees is discontinued effective July 1, 1999. As a result, campuses will be responsible for processing SSIs (based upon an employee's anniversary date) via MSA transaction or SSI denials via 330 Transaction, as appropriate, upon completion of the SSI review process. If a denied SSI is successfully appealed and the employee is later granted the SSI, the campus must void the denial and post the SSI as appropriate. Anniversary date and final anniversary date (Items 330 and 958) must be advanced as appropriate for granted or denied SSIs.

A monthly report (Report Code J01, Cycle yyyy) will be provided by HR-ISA which lists employees potentially eligible for SSIs in FY 1999/2000.

Funding: The SSI pool is part of the total merit pool. Campuses are responsible for identifying that portion of the total merit pool that represents a 2.65% SSI pool for all eligible faculty (including lecturers who are eligible for a salary increase pursuant to Article 12.9 as described above). The amount of the 2.65% SSI pool is based on funds needed for all eligible faculty, from the anniversary date for tenure track faculty or beginning of the next term for lecturers, through the end of the fiscal year. Unexpended funds from the SSI pool, after any appeals are granted, shall be rolled over and added to the pool for Faculty Merit Increases (FMIs) for the following fiscal year.

Campuses are reminded that on any occasion, on or after July 1, 1998, when the campus enters an initial value into the SSI counter field (appointments and promotions) and the initial salary rate is less than the SSI maximum, the SSI counter will be determined as the number of 2.5% salary increases that would result in a salary equal to the SSI maximum, up to a maximum initial counter of 8. Campuses may already have initiated the counter at 8. These should be recalculated and corrected if necessary, remembering to keep the final anniversary date in agreement with the counter. The SSI counter will be decreased by 1 for every SSI granted, regardless of the amount of the SSI.

As a reminder, faculty members who are SSI eligible and receive a FMI will continue to retain their SSI eligibility, whether or not the FMI places their salary above the SSI maximum. For all faculty employees, the SSI counter and the anniversary date are not affected by the award of FMIs, even if the FMI award causes their salary rate to exceed the SSI maximum. These employees will continue to be eligible to receive SSIs until their SSI counter is reduced to zero, even though their salary is above the SSI maximum.
• Also as a reminder, if an employee has never received an FMI, then it continues to be true that his/her salary may not exceed the SSI maximum solely by receiving SSIs.

• As a further reminder, it is no longer possible for PPSD to audit that the employee’s salary, SSI maximum, SSI counter, and anniversary date are all in agreement with one another. **It is a campus responsibility to determine an employee’s continued SSI eligibility in accordance with the MOU.**

4. **Faculty Merit Increases (FMI):**

• Campuses are responsible for identifying the FMI pool, which is the total merit pool less the 2.65% SSI pool.

• FMIs shall normally be in the form of a permanent increase to the base salary of the individual (reflected in employment history) but may also be in the form of a bonus (a lump sum amount, not a permanent increase in salary). The sum of all FMI base pay increases and bonuses granted to any individual faculty member may not exceed 7.5% of that faculty member’s base salary (calculated on the salary in effect July 1, 1999 or effective date of the Extra Quarter Assignment appointment). The award of a FMI shall not diminish a faculty member’s eligibility for remaining Service Salary Increases (SSIs).

The bonus is for faculty unit members: 1) who have reached the top of his/her rank or classification in the salary schedule or 2) whose demonstrated performance was part of an activity or project conducted by a team, department, or group of employees. Faculty in these two categories may receive a FMI in the form of a bonus of no more than the equivalent of an annual salary increase of 7.5%, regardless of the individual’s salary placement on the salary schedule.

Full Professors at or above the top of the salary range may receive a lump sum bonus and/or a permanent base pay increase of up to 7.5% through the FMI program.

• FMIs in the form of a permanent increase in the employee’s base salary (reflected in employment history) will be posted via SCR transaction. Detail Transaction Code descriptions for FMI processing will be as follows:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>Merit/performance increase</td>
<td>Merit pool</td>
</tr>
<tr>
<td>52</td>
<td>Market-based increase</td>
<td>Merit pool or campus funds</td>
</tr>
<tr>
<td>53</td>
<td>Equity-based increase</td>
<td>Merit pool or campus funds</td>
</tr>
</tbody>
</table>

• FMI bonuses (individual or group) will be paid via PIP system. The payment may be requested using the Miscellaneous Payroll/Leave Action Form (STD. 671) or the Time and Attendance Report Form 672. Earnings ID “66” and the gross amount of the bonus must be denoted on the form (refer to PPM Section G904 for completion instructions). The bonus is subject to federal, state, social security and medicare tax withholding and retirement withholding. The bonus should not be included in the calculation of NDI or IDL. **Note:** The FMI bonus will not become a permanent increase to the base salary of the individual.
5. Temporary Employees:

- Pursuant to Article 12, temporary faculty unit employees (excluding coaches) employed during the 1999/2000 academic year and possessing six or more years of service on that campus since July 1, 1994 (excluding those faculty who received two year temporary appointments pursuant to the similar provision in the previous year) shall be offered a two year temporary appointment commencing with the academic year 2000/2001. Refer to HR-ISA’s Special Report x77 and x78, Cycle 9999, for assistance in identifying these individuals.

Employment history processing instructions needed to implement the 1999/2000 faculty salary program will be issued by the State Controller’s Office. Questions regarding processing instructions should be directed to your campus CSU Audits representative at the State Controller’s Office. Questions regarding other aspects of this technical letter may be directed to Cordelia Ontiveros at (562) 951-4503. This technical letter is also available via Human Resources Administration’s web page at: http://www.calstate.edu/tier3/HR-Adm99SAMemo.html. Thank you.

CR/CO/dth