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Date: September 17, 1999

To: Human Resources Directors
Payroll Managers

From: Cathy Robinson, Senior Director
Human Resources Administration

Subject: Salary Program for California State Employees' Association (CSEA) Employees

The CSU has reached an Agreement with CSEA regarding changes in compensation for Fiscal Year (FY) 1999/00 and the following changes are effective July 1, 1999:

- A 2.607% General Salary Increase (GSI) will be applied to the individual salary rates of all bargaining unit members and to the salary ranges of all bargaining unit classifications.

- A 1.0% Service-based Salary Increase (SBSI) will be provided to eligible bargaining unit employees on their 1999/00 anniversary date, subject to the SBSI maximum.

- A Performance-based Salary Increase (PBSI) pool of $4,892,000 will be available to reward meritorious performance above a satisfactory level (includes associated benefits costs). These funds will not be available in subsequent years and may be granted only as a one-time lump sum individual payment for current employees for performance during the fiscal year 1998/99.

- Campus-funded bonus plans for exceptional performance by an individual or a group are available.

- Market salary adjustments of 1.98% will be provided to the individual salary rates of employees in the Administrative Support Series and the Administrative Analyst/Specialist classifications.

- Shift differential rates were increased to $1.25 and $2.20 per hour for eligible employees who work four or more hours between 6 p.m. and midnight, and midnight and 6 a.m., respectively.

Distribution: CSU Presidents
Vice Chancellor, Human Resources
Vice Presidents, Academic Affairs
Vice Presidents, Administration
Benefits Officers
Employee Relations Designees
IMPLEMENTATION: Implementation of the contract salary provisions will be accomplished by a combination of automatic and manual processes by the State Controller’s Office (SCO), Personnel/Payroll Services Division (PPSD) as follows:

✓ Employment History Processing Items

• Effective July 1, 1999, a 2.607% GSI will be posted via GEN transaction to individual employee salary rates. The SCO’s mass update program that will automatically post the GEN transactions is scheduled to run during the weekend of September 18, 1999.

• Effective July 1, 1999, a 1.98% market salary adjustment will be combined with the 2.607% GSI for a total 4.587% increase which will be posted via GEN transaction to individual salary rates of employees in Administrative Support Series and Administrative Analyst/Specialist classifications.¹ Any employee occupying a position in an active or “on-leave” payroll status in one or more of these selected classifications effective close of business June 30, 1999 will be eligible for the increase:

⇒ In some cases, the 1.98% increase will advance the employee’s salary above the salary range maximums. If so, the excess salary amount must be indicated as a Plus Salary (Item 815). The mass update program does not allow for salary increases to exceed the salary range maximum, and as a result, the GEN transaction will be manually processed by SCO for these employees. Article 20.37 of the MOU shall apply to the plus salary amount.

⇒ In some cases, the 1.98% increase will advance an SBSI eligible employee’s salary above the salary range SBSI maximum. If so, the employee will no longer be SBSI eligible, and the anniversary date must be changed to “9999.” Campuses will be responsible for keying these anniversary date changes by processing a GENC effective July 1, 1999, with Item 215 (Employment History Remarks) = “MOU Anni Date.” HR-ISA will provide a compendium report listing affected employees. Access Report Code “J05” in the Special Reports category.

• SBSIs, based on service and satisfactory performance, are authorized up to 1%, subject to the SBSI maximum, and will be posted via MSA transaction. The SCO, provided worksheets by HR-ISA, will manually key approximately 2,100 MSA transactions for SBSI eligible employees with anniversary dates between July and September 1999, prior to the September 18th GSI mass update. Any out-of-sequence transactions with an effective date later than the July 1, 1999 GEN transaction effective date will be automatically corrected as appropriate by the system. SBSIs effective October and thereafter will be posted in accordance with the SSI monthly update process. Consistent with current procedures, campuses will be responsible for processing MSA Denials (via 330 Transaction) AFTER the MSA has been posted, as appropriate.

¹ Unit 7 Administrative Support Assistant classifications (class codes 1030, 1031 and 1032)
Unit 7 Administrative Support Coordinator classifications (class codes 1033, 1034 and 1035)
Unit 9 Administrative Analyst/Specialist classifications (class codes 1036, 1037 and 1038)
• SCO will issue a Personnel Letter detailing processing instructions at a future date.

✓ Performance-based Salary Increase (PBSI) Program

• For FY 1999/00, the PBSI program will be in the form of a bonus of up to five (5) percent of an employee’s gross annual earnings. The amount of funds dedicated to reward meritorious performance above a satisfactory level in FY 1999/00 shall be $4,892,000. These funds must be expended by February 1, 2000, and may be granted only as a one-time lump sum payment for current employees for performance during FY 1998/99.

• The bonus is not a permanent increase to the base salary of the individual (e.g., will not be reflected in employment history). Employees shall not receive lump sum payments of more than 5% of gross annual earnings. Employees at the top of the salary range (or subrange, for classifications with skill levels) are limited to lump sum payments of not more than two and one-half percent (2.5%).

✓ FY 1999/00 Additional Bonus Plans

• FY 1999/00 Bonus Plans provide for lump sum payments that may be used for a variety of purposes. Bonuses may be awarded at any time and are granted at the President’s discretion.

• 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 for which the bonus was earned. Pursuant to the MOU, this requirement will be satisfied if the bonus is taken as a percentage of an employee’s gross earnings over the time period for which the bonus was earned. FY 1999/00 bonus plans include:

⇒ an “outstanding performance” bonus, not to exceed the equivalent of an annual salary increase of two and one-half percent (2.5%) for those employees at the top of the classification salary range or sub-range [Article 20.30(a)]. The bonus may be awarded at any time and shall be from either campus or lump sum bonus funds.

⇒ a bonus for “exceptional performance” by an individual or group. [Article 20.30(e)]. This bonus shall be campus funded.

⇒ a “retention” bonus, awarded to an employee for staying with the CSU who is in a position in a classification that is critical to the ongoing CSU operations, is in short supply in the labor market, and is difficult to recruit for classification. 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 [Article 20.30(c)]. This bonus shall be campus funded.

⇒ a “recruitment” bonus offered to a candidate as an inducement to commit to employment with the CSU. The bonus amount must be returned if the candidate does not complete the probationary period [Article 20.30(b)]. This bonus is campus funded.
a “critical skills” bonus awarded to an employee who possesses and uses skills that are identified by management as necessary and critical to the ongoing operations of the CSU [Article 20.30(d)]. This bonus is campus funded.

Bonus payment instructions: Bonuses will be paid via the PIP system using the serial number of the employee’s position. 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 PPM section G904 for instructions).
- All bonuses are taxable/reportable income, subject to Social Security and Medicare taxation. Bonuses should not be included in NDI or IDL calculations. The following table identifies bonuses subject to PERS withholding from bonuses excluded from PERS withholding:

<table>
<thead>
<tr>
<th>EARNINGS ID'S SUBJECT TO PERS WITHHOLDINGS</th>
<th>EARNINGS ID'S EXCLUDED FROM PERS WITHHOLDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus Type</td>
<td>Non-exempt</td>
</tr>
<tr>
<td>Performance Art. 20.27</td>
<td>SF</td>
</tr>
<tr>
<td>Performance Art. 20.30(a)</td>
<td></td>
</tr>
<tr>
<td>Critical Skills Article 20.30(d)</td>
<td></td>
</tr>
</tbody>
</table>

Bonus Considerations:

- All bonuses for nonexempt employees are based on gross earnings for the time period for which the bonus was earned.
- The PBSI Program bonus for FY 1998/99 performance requires a gross earnings calculation that spans two calendar year periods. For example, if an employee were to receive up to a 5% PBSI bonus for FY 1998/99 (or a 2.5% if at the top of the salary range), the bonus amount would be calculated by multiplying 5% times gross payments earned July 1, 1998 through June 30, 1999. Because this gross amount includes miscellaneous payments from stipends, shift differential and overtime, as applicable, the FLSA requirement to factor the bonus into the “regular rate” for overtime calculations will be satisfied for non-exempt employees. (This “gross pay process” eliminates the need to recalculate overtime for nonexempt employees as described in HR/SA 99-10.)
- Special bonuses for retention, critical skills, and individual and/or group performance bonuses are available and are subject to FLSA requirements for overtime “regular rate” calculations. For non-exempt employees, bonus amounts must be factored into the regular rate of pay over the applicable pay period(s) for which the bonus was awarded if overtime was worked within those pay periods.
The “recruitment” bonus is paid at the beginning of an individual’s employment and for non-exempt employees, the bonus needs to be factored into the “regular rate” if overtime is paid over the time period for which the bonus is applicable (e.g., probationary period).

**Salary Stipends**

The salary stipend process pursuant to Article 20.33 continues. Stipends are taxable/reportable income, subject to Social Security and Medicare taxation and to PERS retirement contributions. They must be paid via PIP using the serial number of the employee’s position using one of the following Earnings IDs:

<table>
<thead>
<tr>
<th>Earnings ID</th>
<th>Stipend Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8ST5 (non-exempt employees)</td>
<td>$80.00/month</td>
</tr>
<tr>
<td>8ST6 (exempt employees)</td>
<td>$125.00/month</td>
</tr>
</tbody>
</table>

The monthly stipend is not subject to proration, timebase or duration of appointment eligibility requirements. It is included in the calculation of overtime, but is **not** included in the calculation of lump sum payouts (e.g., excess CTO), NDI or IDL payments. If you have any questions about processing stipends, please call the CSU Payroll Unit at (916) 322-7980 or CALNET 472-7980.

**Salary Schedule Changes**

Pursuant to Article 2.10(f), the CSU salary schedule will be modified to include two new classifications, “Per Diem – Non-exempt” and “Per Diem – Exempt.” Each classification will have an hourly (for non-exempt) or monthly (for exempt) salary range differential that is 29% greater than the lowest salary range minimum, and 29% greater than the highest salary range maximum for the following selected CSEA classifications:

<table>
<thead>
<tr>
<th>“Per Diem-Non-exempt” encompasses the following classes:</th>
<th>“Per Diem-Exempt” encompasses the following classes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>7927 Clinical Lab Technician I</td>
<td>8165 Nurse Practitioner – 10 Month</td>
</tr>
<tr>
<td>7926 Clinical Lab Technician II</td>
<td>8166 Nurse Practitioner – 12 Month</td>
</tr>
<tr>
<td>7169 Interpreter/Transliterator I</td>
<td>8130 Nutritionist</td>
</tr>
<tr>
<td>7170 Interpreter/Transliterator II</td>
<td>7991 Pharmacist – 10 Month</td>
</tr>
<tr>
<td>8134 Licensed Vocational Nurse</td>
<td>7992 Pharmacist – 12 Month</td>
</tr>
<tr>
<td>7995 Radiological Technologist I</td>
<td>8156 Registered Nurse III – 10 Month</td>
</tr>
<tr>
<td>7996 Radiological Technologist II</td>
<td>8157 Registered Nurse III – 12 Month</td>
</tr>
<tr>
<td>8150 Registered Nurse I – 10 Month</td>
<td>7976 Speech Pathologist</td>
</tr>
<tr>
<td>8151 Registered Nurse I – 12 Month</td>
<td></td>
</tr>
<tr>
<td>8153 Registered Nurse II – 10 Month</td>
<td></td>
</tr>
<tr>
<td>8154 Registered Nurse II – 12 Month</td>
<td></td>
</tr>
</tbody>
</table>
Per Diem appointments will be made on a temporary basis (A52 appointment transaction) and have an intermittent timebase (PIMS Item 405 = “INT”). They are excluded from Articles 14 (Vacation and Holiday), 15 (Leaves of Absence with Pay), 16 (Leaves of Absence Without Pay), 21.1 - 21.4, and 21.6 (Benefits) and 22 (Professional Development) of the MOU.

- Pursuant to Articles 9, 14 and 20 of the MOU, the Interpreter/Transliterator classification has been expanded to incorporate an academic year (AY) pay plan schedule. Additionally, a “Lead” Interpreter/Transliterator classification has been added to this series. To provide greater campus flexibility, a 15% increase has been applied to the salary range maximums of the Interpreter/Transliterator classes:

<table>
<thead>
<tr>
<th>Class Code</th>
<th>Classification Title</th>
<th>FLSA Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>7165</td>
<td>Interpreter/Transliterator I AY</td>
<td>Non-exempt</td>
</tr>
<tr>
<td>7166</td>
<td>Interpreter/Transliterator II AY</td>
<td>Non-exempt</td>
</tr>
<tr>
<td>7167</td>
<td>Lead Interpreter/Transliterator AY</td>
<td>Non-exempt</td>
</tr>
<tr>
<td>7168</td>
<td>Lead Interpreter/Transliterator</td>
<td>Non-exempt</td>
</tr>
<tr>
<td>7169</td>
<td>Interpreter/Transliterator II</td>
<td>Non-exempt</td>
</tr>
<tr>
<td>7170</td>
<td>Interpreter/Transliterator I</td>
<td>Non-exempt</td>
</tr>
</tbody>
</table>

⇒ Please note that in order to be benefits eligible, the duration of appointment must be for the full academic year (PIMS Item 415 = “Y1”) which consists of two consecutive semesters at a semester campus or three consecutive quarters at a quarter or quarter system year round campus, at a timebase factor of half-time (.50) or more.

⇒ The AY pay plan will be based upon a “benchmark” of 170 academic workdays. Any workdays in excess of the “benchmark” must be paid through a 12-month pay plan position.

- Payroll-related considerations specific to this (non-exempt) academic year classification will be provided in a separate coded memorandum.

✓ Shift Differential Changes

- Pursuant to Article 20, effective July 1, 1999, “evening” shift differential rates increased from .55 cents per hour to $1.25 per hour for eligible employees who work four or more hours between 6 p.m. and midnight. “Night” shift differential rates increased from .67 cents per hour to $2.20 per hour for eligible employees who work four or more hours between midnight and 6 a.m.

- Retroactive adjustments (straight and overtime shift) for employees with shift differential rates paid under the old agreement on or after July 1, 1999, can be made by submitting a Form (STD) 674. Refer to PPM Section G053 for completion instructions.
Other Provisions

- Pursuant to Article 2, “in-range progression” refers to an increase in salary at any point within a salary range or sub-range. It is not limited by the service maximum. “In-range” progression can be used for any type of campus-funded salary increase within a salary range for a single classification, or sub-range for a classification with skill levels. This action may be accomplished via Salary Change Rate (SCR) transaction. Enter Detailed Transaction Code (Item 719) “51.”

- Pursuant to Article 5.13, employees on union leave are to accrue sick and vacation leave based upon a full time equivalent (e.g., FTE = 1.0).

- Pursuant to Article 9.38, temporary appointments are no longer restricted to an eighteen (18) month maximum duration. Temporary appointment durations are determined by the campus, but may not exceed four (4) years. Permanent status shall be granted upon serving four (4) consecutive years in a temporary position.

- Refer to Article 14.13 regarding holiday pay for employees on compressed work schedules. If an employee is on a compressed work schedule and the holiday is observed on a non-workday, the employee shall be entitled to and must observe the number of holiday hours equal to their normal workday on another day within thirty (30) days after the holiday was observed.

- Pursuant to Article 15.15, paid Funeral Leave has been increased to two (2) days if the employee is required to travel less than five hundred (500) round-trip miles from his/her home and to three (3) days if travel is greater than five hundred (500) round-trip miles.

- Pursuant to Article 15.35, the number of paid workdays for “maternity/paternity/adoption leave” has been increased from up to five (5) workdays to up to twenty (20) workdays effective July 1, 1999. Employees, who used this benefit prior to July 1, 1999, are eligible for an additional fifteen (15) days of maternity/paternity/adoption leave provided that it is within the one-year eligibility period pursuant to Article 16.12.

- Pursuant to Article 18, work schedules have been expanded to include the 3/12 work schedule, and for those employees on a 9/80 work schedule, the fifth day can now be any day of the week.

- Pursuant to Article 21.16, effective July 1, 1999, employees may submit reimbursement claims up to the specified annual maximum for uniform replacement and maintenance costs on a monthly basis, and such reimbursements will be processed in accordance with campus accounting procedures.

If you have any questions regarding information in this memorandum, please contact Pam Chapin at 562-951-4414 or Theresa Hines at 562-951-4412. For Employee Relations related questions, please contact Freya Foley at 562-951-4402. Thank you.