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Date: April 24, 1996  
Code: TECHNICAL LETTER  
HR/SA  
96-07

To: Personnel Directors  
Payroll Directors

From: Cathy Robinson, Senior Director  
Human Resources Administration

Subject: UNIT 4 COMPENSATION CHANGES

Members of the Academic Professionals of California (APC) have ratified the Unit 4 Memorandum of Understanding (MOU) for fiscal years 1995/96 through 1997/98. The following compensation items are affected:

Salary Structure: All Unit 4 classifications have been converted from step rates with approximately 5% differentials to "half-steps" with approximately 2.5% differentials. The MOU references only the portion of the salary ranges which is eligible for service salary step increases (SSIs). For this purpose, where the class previously had 5 steps, there are now 9 steps. For classes previously containing 3 steps, there are now 5 steps in the service portion of the range. The evaluator Trainee classification retains only one step. When the MOU refers to the top of the range, it means the top of the service range -- steps 9, 5 or 1 indicated above.

In addition, the MOU grants the CSU the authority to approve "discretionary" pay increases, more commonly known as performance-based salary increases (PSIs). PSIs may provide step movement within the service range or above the top of the service range. Such increases must be awarded on the basis of Article 18, Evaluations, but in all other aspects the MOU grants the CSU authority to administer the performance pay program as it wishes.

At this time, the CSU is implementing 5 performance-only steps above the service maximum for Unit 4 classes with 9 service steps and 3 performance-only steps above the service maximum for classes with 5 service steps. The CSU reserves the right to modify the performance range of the salary schedule in the future.

GSIs: APC has agreed to posting the 1995/96 general salary increase of 1.3% effective July 1, 1996. GSIs for 1996/97 and 1997/98 will be addressed in re-opener bargaining.

MSAs/SSIs: The Merit Salary Adjustment (MSA) program is eliminated and replaced by the Service-based Salary Increase (SSI) program. All Unit 4 employees who are eligible for an SSI during fiscal year 1995/96 will be given a 2 half-step SSI effective July 1, 1996, subject to the service maxima. Employees eligible for next fiscal year's SSI will receive it during their normal anniversary month.

The SSIs for both 1996/97 and 1997/98 will each consist of a single half-step for eligible employees, except as noted in the Settlement Agreement section below, or as negotiated in re-opener bargaining.

(Over)

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Presidents
Vice Chancellor, Human Resources and Operations
Vice Presidents, Administration
Benefits Officers
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PSIs: The general fund Unit 4 Performance-based Salary Increase pool for 1995/96 is $124,574. Performance increases should normally be effective retroactive to July 1, 1995 and must equal one or more of the new salary structure’s half-steps. If a PSI recipient was on leave on July 1, 1995, the campus may implement a PSI step increase upon the employee’s return from leave. If a PSI recipient had a 1994/95 temporary appointment which expired prior to July 1 and the individual was rehired after July 1, 1995, the campus may process a PSI step increase effective the first of the month following the employee’s reappointment.

The campus may not augment the allocation with campus funds to its systemwide allocation. Campuses will receive a separate memorandum which provides the amount of individual campus performance increase funds.

Special Lump Sum Payment: All full-time employees active in an APC position on April 9, 1996, shall be paid a one-time lump sum payment of $615 through the Payroll Input Process System (PIPS). Part-time employees shall receive a prorata payment based upon their timebase fraction and rounded to the nearest dollar. Employees with intermittent or indeterminate timebases are not eligible for this special payment. The MOU requires payment on or before June 30, 1996.

Paid Maternity/Paternity/Adoption Leave: Effective April 9, 1996, Unit 4 employees are eligible for 5 days of paid maternity/paternity/adoption leave. This new type of paid leave applies to the birth of an employee’s own child or the placement of a child with the employee in connection with adoption or foster care. This type of absence is not charged against the employee’s leave credits and must be initiated within one year of the child’s arrival.

Please also refer to the family care/medical leave and maternity/paternity/adoption leave provisions in the Leaves of Absence Without Pay article.

Settlement Agreement: If a current Unit 4 employee was eligible for a MSA in 1994/95 but did not receive one at that time, he/she is eligible under the normal SSI rules for an extra half-step SSI on his/her 1996/97 anniversary date, subject to the service maximum for his/her classification and subject to budgetary conditions. The same will also be true in fiscal year 1997/98 if certain state budgetary criteria are met at that time.

Attachment A provides payroll processing explanations to the extent that they are now known. Additional information will be provided as it becomes available. If you have any questions, please call systemwide Human Resources Administration at (310) 985-2669.

CR/pb
Attachment
PAYROLL PROCESSING EXPLANATIONS

As much as possible of the Unit 4 implementation has been automated. The following is the general work plan, some of which is still subject to change as we work out the details with the SCO. Campuses will be advised as additional details become available.

1. **Special Lump Sum Payment:** This one-time lump sum payment cannot be automated; campuses need to individually key the amounts to the Payroll Input Process System (PIPS). All full-time employees active in an APC position on April 9, 1996, shall be paid $615; part-time employees shall receive a prorata payment based upon their timebase fraction and rounded to the nearest dollar. Employees with intermittent or indeterminate timebases are not eligible for this special payment. The MOU requires payment on or before June 30, 1996.

These lump sum payments are taxable/reportable income for state and federal withholding, Social Security and Medicare, but they are not subject to PERS retirement contributions. Also, they are not included in the calculation of overtime, lump sum, NDI or IDL.

Please pay these amounts in the April or May pay periods via PIPS using Earnings ID "9M" and the serial number of the employee’s position. This code is available for Unit 4 keying immediately.

In accordance with the MOU, the CSU has asked the State Controller’s Office to issue these payments at “the lowest taxable level.” However, the Controller has confirmed that the payments must be withheld at the flat rates of 28% for federal withholding and 6% for state withholding.

2. **Salary Structure:** A mass update last weekend has implemented the new half-step salary structure, effective April 1.

3. **PSIs:** Performance increases should normally be effective retroactive to July 1, 1995 and must equal one or more of the new salary structure’s half-steps. If a PSI recipient was on leave on July 1, 1995, the campus may implement a PSI step increase upon the employee’s return from leave. If a PSI recipient had a 1994/95 temporary appointment which expired prior to July 1 and the individual was rehired after July 1, 1995, the campus may process a PSI step increase effective the first of the month following the employee’s reappointment.

Augmentation with campus funds is not permitted under the MOU.

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To avoid retroactive implementation of the new salary structure, the campus must post an SCR transaction for the PSI retroactive to 7/1/95 and enter the amount of the performance increase in the red circle field. (If the employee had a red circle amount prior to the new salary structure implementation, the PSI amount should be added to the red circle field.)

It is critical that both the detail transaction code and Item 704(b) be correctly completed. Use detail transaction code 50 for systemwide funds, and enter the monthly amount of the increase in Item 704(b). These fields are used for union reporting and must be correctly completed.

NOTE: For the period 7/1/95 through 3/31/96, the PSI will be reflected as plus salary in the red circle field. Effective 4/1/96, the campus must move the employee to the appropriate new step on the new salary schedule and eliminate the red circle amount pertaining to the retroactive PSI. The SCO will issue processing instructions shortly.

We recommend that retroactive 1995/96 PSIs be determined in time for Payroll Offices to key the increases no later than the June 1996 pay period.

4. **GSI:** The general salary increase for the 1995/96 fiscal year will be effective July 1, 1996. Additional details will be announced closer to the effective date.

5. **SSI:** Posting of 1995/96 SSIs will commence effective July 1, 1996. Additional details will be announced closer to the effective date.

6. **Settlement Agreement:** During 1996/97 and possibly during 1997/98, certain employees who “missed” an MSA in fiscal year 1994/95 may be eligible for an extra SSI step subject to the service maxima of their classifications. Additional processing details will be announced closer to the effective date.