



## **Memorandum of Understanding**

Between

California School Employees Association and its Merced College Chapter 274  
and  
Merced Community College District

### **Compounded Longevity**

This memorandum of understanding is entered into by and between the California School Employees Association and its Merced College Chapter 274 ("CSEA") and the Merced Community College District ("District") regarding compounded longevity.

**WHEREAS**, the Parties agreed in 2018 to change the language for longevity on the salary schedule to read: "Special longevity increments: After an employee reaches the maximum of his/her range and no less than 5 years of service, he/she shall be awarded 1% compounded for each additional year of service." and,

**WHEREAS**, the language in Article 16 currently includes: "Longevity: On July 1 of the employee's eighth year of employment as a unit member with the District, the employee will be eligible for a 1% annual longevity increase."

**WHEREAS**, the language on the salary schedule in the 2024-2027 collective bargaining agreement reads: "Special longevity increments: After an employee reaches the maximum of his/her range and no less than 8 years of service, he/she shall be awarded 1% compounded for each additional year of service."

**WHEREAS**, the language on the salary schedule has remained unchanged since 2018, including the assertion that longevity is compounded, and

**WHEREAS**, in 2021/2022, CalPERS performed an audit of a retiree in another bargaining unit and found the following: "Longevity Pay that is offered also does not meet the definition of Longevity Pay as defined in the California Public Employees' Retirement Law, or the requirements of C.C.R. 571 (b).", and

**WHEREAS**, the Parties agreed to new longevity language in February 2022 that was reviewed and approved by CalPERS' contract review team, and

**WHEREAS**, in 2025, CalPERS performed another audit and found the following:

- Longevity Pay Language: Non-compliant due to discrepancies between the written labor policy and the employer's reporting method.
- Payment Frequency: The language should explicitly state that longevity pay is paid ongoing and monthly.

**WHEREAS**, the parties submitted proposed Article 16 language changes to CalPERS, and CalPERS provided additional expectations as follows:

1. **Explicitly State the Ongoing Nature:**

Add language to clarify that the 1% annual longevity increase will be ongoing and continue annually as long as the employee remains employed as a unit member with the District.

2. **Define the Compounding Method:**

Specify that the 1% annual compounding will be applied to the employee's base pay as listed on the publicly available pay schedule.

3. **Include a Calculation Method Example:**

Provide a detailed example of how the longevity increase is calculated annually to ensure transparency and alignment with reporting practices. The previous determination also had sample compounding tables used by other agencies.

**WHEREAS**, the Parties believe that the language contained in the cba and in the salary schedule are compliant but agree to make every effort to meet CalPERS requirements for compliance.

**THEREFORE**, the parties agree as follows:

1) Change the language in Article 16 to read:

Special longevity increments: As of March 1, 2022, and on July 1 of the employee's eighth year of employment as a unit member with the District, the employee will be eligible for a 1% annual compounding longevity increase. This compensation will be disbursed on a per pay period basis. Once eligible for longevity, longevity compensation will be ongoing and continue annually as long as the employee remains employed as a unit member with the District. The formula for calculating longevity is as follows:

Formula: Longevity Pay = Base Pay as listed in salary schedule × (1 + Compounding Rate)^Years Eligible

This MOU shall take effect upon ratification by CSEA Chapter 274 and adoption by the Merced College Board of Trustees.

For CSEA



Richard Orozco (Dec 2, 2025 16:32:07 PST)

CSEA Chief Negotiator, Richard Orozco

For the District



Superintendent/President, Chris Vitelli



Darwin Duncan (Dec 2, 2025 18:34:13 PST)

CSEA LRR, Darwin Duncan