

HUMAN RESOURCES MEMORANDUM 20-018		DATE ISSUED: 07/07/2020
SUBJECT: FISCAL YEAR 2020-21 COMPENSATION ADJUSTMENTS FOR EXEMPT AND EXCLUDED EMPLOYEES		REFERENCE: CalHR Memo
TO: DGS Executive Team, Managers, Supervisors, Employee Resource Liaisons and Attendance Clerks		SUPERCEDES: <i>None</i>

Purpose

The purpose of this memorandum is to provide information on the following compensation adjustments for employees not covered by collective bargaining (exempt and excluded employees) that have been approved for the 2020-21 Fiscal Year (FY).

As a result of recent labor negotiations, the state and represented employee organizations have amended a number of existing agreements by side letter and agreed to new successor Memoranda of Understanding (MOUs). Among other changes, these MOUs and side letters reduce employee compensation to achieve the necessary budget savings approved in the 2020-21 Budget Act recently signed by Governor Newsom.

In the coming weeks, the California Department of Human Resources will issue a series of pay letters and other communications detailing the salary reduction, leave program, specified salary and pay differential adjustments, and other changes for exempt and excluded employees.

Personal Leave Program (PLP) 2020

Effective July 1, 2020, most exempt and excluded employees will receive a salary reduction of 9.23% (equivalent to two days' pay) and will accrue two days of personal leave credit per month.

State offices shall not close to implement PLP 2020. For exempt and excluded employees, PLP 2020 leave shall be administered in the same manner as other leave, with priority given to elimination of PLP 2020 leave accumulation. PLP 2020 leave shall not be cashed out except upon separation from state service.

Further instruction about the administration of this leave program will be provided in a future memorandum.

Other Post-Employment Benefits (OPEB)

Effective July 1, 2020, most exempt and excluded employees will have their OPEB contribution suspended for the 2020-21 FY. Excluded employees tied to Bargaining Units (BU) 12 and 13, will continue prefunding OPEB. However, these employees will receive a pay differential to offset the impact of continuing to prefund OPEB.

Suspension of General Salary Increases (GSI)

Effective July 1, 2020, no GSI will be provided to exempt or excluded employees.

Salary Adjustments

Effective July 1, 2020, special salary adjustments approved in some MOUs will be extended to exempt and excluded employees, where appropriate. Details will be provided in a future memorandum.

Minimum Wage

Effective July 1, 2020, exempt and excluded employees will earn at least \$15 per hour. In addition, some exempt and excluded employees will receive a Special Salary Adjustment to address compaction due to the minimum wage increase.

Pay Differentials

Any changes to pay differentials related to exempt and excluded employees will be provided in a future memorandum.

Improving Affordability and Access to Healthcare

Effective July 1, 2020, all health benefit-eligible exempt and excluded employees associated with BUs 1, 3, 4, 11, 14, 15, 17, 20 and 21, will receive a \$260 taxable cash benefit for the 2020-21 FY to improve affordability and access to healthcare. This cash benefit is not compensation for purposes of retirement. These employees will be ineligible for the CoBen cash option during the same period.

Excluded employees tied to BU 2 who are enrolled in a CalPERS sponsored health plan will continue to be eligible for the \$260 taxable cash benefit for the duration of the 2020-21 FY.

Vacation/Annual Leave Caps

Excluded employees tied to BUs 2, 9, 10 and 19, are eligible to accrue vacation/annual leave in excess of the 640-hour cap in amounts commensurate with the amount of PLP accrued.

Voluntary Personal Leave Program (VPLP)

All exempt and excluded employees are eligible to opt out of VPLP during the 2020-21 FY. Those excluded employees tied to BUs 2 and 9 may elect up to three days of VPLP.

Summary of Agreements Reached

Agreements have been reached with State BUs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, and 21.

Although these MOUs and side letter agreements have been ratified by the Legislature, several are still in the union ratification process.

Questions

If employees have questions regarding this memorandum, please contact Amy Applegate at (916) 376-5428 or via e-mail at Amy.Applegate@dgs.ca.gov, or Estela Gonzales at (916) 376-5411 or via e-mail at Estela.Gonzales@dgs.ca.gov.

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