



CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

Office of the Director
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Governor Edmund G. Brown Jr.
Secretary, Government Operations Agency Marybel Batjer
Acting Director Richard Gillihan
Acting Chief Deputy Director Pam Manwiller

August 15, 2014

The Honorable Darrell Steinberg
Pro Tem, California State Senate
State Capitol, Room 205
Sacramento, California 95814

The Honorable Bob Huff
Minority Leader, California State Senate
State Capitol, Room 305
Sacramento, California 95814

The Honorable Toni Atkins
Speaker of the California State Assembly
State Capitol, Room 219
Sacramento, California 95814

The Honorable Connie Conway
Minority Leader, California State Assembly
State Capitol, Room 3104
Sacramento, California 95814

Re: Tentative Agreement/ Memorandum of Understanding (MOU) for California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE) Representing Bargaining Unit 2

Dear Senators Steinberg and Huff, and Assembly Members Atkins and Conway:

Recently, the Department of Human Resources (CalHR) reached a new Tentative Agreement/MOU with CASE representing Bargaining Unit 2 - attorneys, administrative law judges and hearing officers. Upon approval of the Legislature and the Governor, and ratification by the membership, this agreement will be effective July 2, 2013 through July 1, 2016.

The agreement will rollover language from past agreements and makes changes primarily in the area of employee compensation.

In accordance with Government Code Sections 3517.5, 19829.5, and Senate Rule 29.4, I am forwarding a copy of the Tentative Agreement, including a legislative and fiscal summary. The Legislative Analyst will be forwarded a copy for analysis, and the Secretary of the Senate and the Clerk of the Assembly will be forwarded copies to make them noted as available for review in the daily journals.

The above mentioned Tentative Agreement and summaries can also be found by going to the following link: <http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>

CalHR is working to secure a legislative vehicle to approve the terms of this agreement.

Respectfully,

Richard Gillihan
Acting Director

Attachments

cc: Gareth Elliott, Legislative Affairs Secretary, Office of the Governor
Gregory Schmidt, Secretary of the Senate
E. Dotson Wilson, Chief Clerk of the Assembly
Joint Legislative Budget Committee
Mac Taylor, Legislative Analyst
Marybel Batjer, Secretary, Government Operations Agency

ecc:

Camille Wagner, Chief Deputy Legislative Affairs Secretary
Office of the Governor

Christian Griffith, Chief Consultant
Assembly Budget Committee

Nancy Farias, Deputy Secretary of Legislation
Governmental Operations Agency

Mark Martin, Consultant
Assembly Budget Committee

Marianne O'Malley, Director Gen. Government
Office of the Legislative Analyst

Mark McKenzie, Staff Director
Senate Appropriations Committee

Nick Schroeder, Fiscal and Policy Consultant
Office of the Legislative Analyst

Maureen Ortiz, Consultant
Senate Budget Committee

Erika Li, Asst. Program Budget Manager
Department of Finance

Geoff Long, Chief Consultant
Assembly Appropriations Committee

Craig Cornett, Chief Fiscal Policy Advisor
Office of the Pro Tem

Joel Tashjian, Consultant
Assembly Appropriations Committee

Charles Wright, Chief Consultant
Office of the Pro Tem

Pamela Schneider, Chief Consultant
Senate PE&R Committee

Chris Woods, Budget Director
Office of the Speaker

Karon Green, Chief Consultant
Assembly PER&SS Committee

Greg Campbell, Chief of Staff
Office of the Speaker

Gary Link, Consultant
Senate Republican Caucus

Nick Hardeman, Chief Consultant
Office of the Speaker

Terry Mast, Consultant
Assembly Republican Caucus

Seren Taylor, Staff Director
Senate Republican Fiscal Office

Pam Manwiller, Acting Chief Deputy
CalHR

Chantele Denny, Consultant
Senate Republican Fiscal Office

Sandra Samaniego, Senior LRO
CalHR

Anthony Archie, Consultant
Assembly Republican Fiscal Office

Financial Management, CalHR
Alene Shimazu, Chief

Eric Swanson, Staff Director
Assembly Republican Fiscal Office

Mark Ibele, Staff Director
Senate Budget Committee

Joe Stephenshaw, Consultant
Senate Budget Committee

**CALIFORNIA DEPARTMENT OF HUMAN RESOURCES
SUMMARY OF COLLECTIVE BARGAINING AGREEMENT
FOR BARGAINING UNIT 2**

**Exclusive Employee Representative:
California Attorneys, Administrative Law Judges and Hearing Officers
In State Employment (CASE)**

Number of Employees: Approximately 3,869 full-time equivalents

General Provisions:

I. Retirement

Benefit Formula Calculation

- Bargaining Unit (BU) 2 employees who become CalPERS members on or after January 1, 2013, are subject to the Public Employees' Pension Reform Act (PEPRA) Retirement Formula of two percent (2%) at age 62.
- BU 2 employees who become CalPERS State Safety members on or after January 1, 2013, are subject to the State Safety PEPRA Retirement Formula of two percent (2%) at age 57.
- BU 2 employees who become CalPERS members on or after January 1, 2013, are subject to the Second Tier PEPRA Retirement Formula of one and one-quarter percent (1.25%) at age 67.
- Pensionable compensation caps will apply to new CalPERS members subject to PEPRA as defined under PEPRA.

Employee Pension Contribution

- BU 2 Miscellaneous and Industrial members in the First Tier retirement subject to social security, contribute nine percent (9%) of monthly pensionable compensation.
- BU 2 Miscellaneous and Industrial members in the First Tier retirement not subject to social security, contribute ten percent (10%) of monthly pensionable compensation.
- Effective July 1, 2013, all BU 2 State Safety members began contributing eleven percent (11%) of monthly pensionable compensation.
- Effective July 1, 2013, all BU 2 Second Tier members began contributing one and one-half percent (1.5%) of monthly pensionable compensation and the contribution will increase by one and one-half percent (1.5%) annually. The final annual increase in the contribution rate shall be adjusted as appropriate to reach fifty percent (50%) of normal cost.

II. Compensation

General Salary Increase

- Effective July 1, 2014, all BU 2 represented classifications receive a two percent (2%) General Salary Increase (GSI).
- Effective July 1, 2015, all BU 2 represented classifications receive a two and one-half percent (2.5%) GSI.

III. Health Benefits

Employer Contribution

- The pay period following ratification, the employer health benefits contribution to the health insurance portion of the BU 2 Consolidated Benefits (CoBen) allowance will be set at a dollar amount that equals the 80/80 formula. The amounts shall be increased on January 1, 2015, and January 1, 2016.

IV. Miscellaneous

- The State and CASE agree to present to the Legislature, as part of the legislation implementing this Memorandum of Understanding (MOU), a provision to appropriate funds to cover the economic terms of this agreement through July 1, 2016.
- The State and CASE agree to negotiate a successor MOU with the intent to, if economically feasible, address legal professional salary and classification issues.
- The State will submit a classification proposal for the creation of Administrative Law Judge III and Attorney V classifications to the State Personnel Board by January 1, 2015.
- Business and Travel Reimbursements, the State increased the breakfast rate to \$7.00, lunch to \$11.00, dinner to \$23.00 and incidentals to \$5.00.

The State increased lodging rates as follows:

| County | Lodging Rate |
|---|--------------|
| All counties except those listed below | \$90 |
| Sacramento, Napa, Riverside | \$95 |
| Los Angeles, Orange, Ventura & Edwards AFB, excludes the city of Santa Monica | \$120 |
| Monterey, San Diego | \$125 |
| San Francisco, City of Santa Monica | \$150 |

- Effective May 1, 2015, BU 2 employees will be allowed to cash out up to 20 hours of vacation or annual leave once per fiscal year if their department head determines funds are available.

V. Duration

- July 2, 2013 through July 1, 2016

VI. Fiscal

- FY 13/14 Cost: \$0M, \$0M GF
- FY 14/15 Cost: \$12.6M, \$3.3M GF
- FY 15/16 Cost: \$16.5M, \$4.4M GF
- Total Incremental Cost: \$29.2M, \$7.7M GF
- Total Budgetary Cost: \$41.8M, \$11.1M GF

VII. Agreement

- The complete Tentative Agreement between the State and CASE is posted at:
<http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>

California Department of Human Resources
 Bargaining Unit 2
 BUDGETARY MOU Summary
 3 Year Agreement
 (Dollars in Thousands)

| 3 YEAR AGREEMENT | | | | | | | | | | | | | |
|--|----------------|-----------|-----------|-----------|----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rank and File | | 2013-14 | | | 2014-15 | | | 2015-16 | | | Total Budgetary | | |
| Proposals | Effective Date | GF | OF | Total | GF | OF | Total | GF | OF | Total | GF | OF | Total |
| Costs | | | | | | | | | | | | | |
| | 9/1/14 | | | | | | | | | | | | |
| | 1/1/15 | | | | | | | | | | | | |
| Coben Flat Rate 80/80 | 1/1/16 | | | | \$368 | \$1,023 | \$1,390 | \$949 | \$2,640 | \$3,589 | \$1,317 | \$3,663 | \$4,979 |
| 2% GSI | 7/1/14 | | | | \$2,972 | \$8,267 | \$11,239 | \$2,972 | \$8,267 | \$11,239 | \$5,944 | \$16,535 | \$22,479 |
| 2.5% GSI | 7/1/15 | | | | \$ | \$ | \$ | \$3,789 | \$10,541 | \$14,330 | \$3,789 | \$10,541 | \$14,330 |
| Total Costs | | \$ | \$ | \$ | \$3,340 | \$9,290 | \$12,629 | \$7,710 | \$21,448 | \$29,159 | \$11,050 | \$30,738 | \$41,788 |
| Non-adds | | | | | | | | | | | | | |
| Travel reimbursement increases | 9/1/14 | | | | \$13 | \$37 | \$50 | \$16 | \$44 | \$60 | \$29 | \$81 | \$111 |
| Coben Dental | 1/1/15 | | | | \$1 | \$3 | \$5 | \$1 | \$3 | \$5 | \$2 | \$7 | \$9 |
| PEPRA - New Employees Future Savings | 1/1/15 | | | | (\$41) | (\$113) | (\$154) | (\$81) | (\$226) | (\$307) | (\$122) | (\$339) | (\$461) |
| Total Non-adds | | \$ | \$ | \$ | (\$26) | (\$73) | (\$99) | (\$64) | (\$178) | (\$242) | (\$90) | (\$251) | (\$341) |
| Grand Total | | \$ | \$ | \$ | \$3,313 | \$9,217 | \$12,531 | \$7,646 | \$21,270 | \$28,917 | \$10,960 | \$30,488 | \$41,447 |
| Travel dollars were provided by DOF. | | | | | | | | | | | | | |
| There are 5 months of additional 2016 health and dental costs that are not shown. | | | | | | | | | | | | | |
| PEPRA is in effect January 1, 2013, savings are not realized until January 1, 2015. | | | | | | | | | | | | | |
| 2014-15 Dental costs are shown as a non-add as they have already been incorporated in the Budget Act of 2014, pursuant to Item 9800. | | | | | | | | | | | | | |

California Department of Human Resources
 Bargaining Unit 2
 INCREMENTAL MOU Summary
 3 Year Agreement
 (Dollars in Thousands)

| Rank and File | | 2013-14 | | | 2014-15 | | | 2015-16 | | | Total Incremental | | | Total Budgetary | | |
|--|----------------|-----------|-----------|-----------|----------------|----------------|-----------------|----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Proposals | Effective Date | GF | OF | Total | GF | OF | Total | GF | OF | Total | GF | OF | Total | GF | OF | Total |
| Costs | | | | | | | | | | | | | | | | |
| | 9/1/14 | | | | | | | | | | | | | | | |
| | 1/1/15 | | | | | | | | | | | | | | | |
| Coben Flat Rate 80/80 | 1/1/16 | | | | \$368 | \$1,023 | \$1,390 | \$582 | \$1,618 | \$2,199 | \$949 | \$2,640 | \$3,589 | \$1,317 | \$3,663 | \$4,979 |
| 2% GSI | 7/1/14 | | | | \$2,972 | \$8,267 | \$11,239 | | | | \$2,972 | \$8,267 | \$11,239 | \$5,944 | \$16,535 | \$22,479 |
| 2.5% GSI | 7/1/15 | | | | | | | \$3,789 | \$10,541 | \$14,330 | \$3,789 | \$10,541 | \$14,330 | \$3,789 | \$10,541 | \$14,330 |
| Total Costs | | \$ | \$ | \$ | \$3,340 | \$9,290 | \$12,629 | \$4,371 | \$12,159 | \$16,529 | \$7,710 | \$21,448 | \$29,159 | \$11,050 | \$30,738 | \$41,788 |
| Non-adds | | | | | | | | | | | | | | | | |
| Travel reimbursement increases | 9/1/14 | | | | \$13 | \$37 | \$50 | \$3 | \$7 | \$10 | \$16 | \$44 | \$60 | \$29 | \$81 | \$111 |
| Coben Dental | 1/1/15 | | | | \$1 | \$3 | \$5 | | | | \$1 | \$3 | \$5 | \$2 | \$7 | \$9 |
| PEPRA - New Employees Future Savings | 1/1/15 | | | | (\$41) | (\$113) | (\$154) | (\$41) | (\$113) | (\$154) | (\$81) | (\$226) | (\$307) | (\$122) | (\$339) | (\$461) |
| Total Non-adds | | \$ | \$ | \$ | (\$26) | (\$73) | (\$99) | (\$38) | (\$106) | (\$143) | (\$64) | (\$178) | (\$242) | (\$90) | (\$251) | (\$341) |
| Grand Total | | \$ | \$ | \$ | \$3,313 | \$9,217 | \$12,531 | \$4,333 | \$12,053 | \$16,386 | \$7,646 | \$21,270 | \$28,917 | \$10,960 | \$30,488 | \$41,447 |
| Travel dollars were provided by DOF. | | | | | | | | | | | | | | | | |
| There are 5 months of additional 2016 health and dental costs that are not shown. | | | | | | | | | | | | | | | | |
| PEPRA is in effect January 1, 2013, savings are not realized until January 1, 2015. | | | | | | | | | | | | | | | | |
| 2014-15 Dental costs are shown as a non-add as they have already been incorporated in the Budget Act of 2014, pursuant to Item 9800. | | | | | | | | | | | | | | | | |