

**California Department of Human Resources  
Memorandum**

**TO: Personnel Management Liaisons (PML)**

<b>SUBJECT:</b> Bargaining Unit 12 and 16 Other Post-Employment Benefits (OPEB) Prefunding	<b>REFERENCE NUMBER:</b> 2013-025
<b>DATE ISSUED:</b> 8/9/2013	<b>SUPERSEDES:</b>

This memorandum should be forwarded to:

**Personnel Officers  
Personnel Transactions Supervisors  
Personnel Transactions Staff**

**FROM:** California Department of Human Resources  
Benefits and Training Division

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Health Policy Analyst  
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Agreements were reached in 2010 with Bargaining Unit 12—Craft & Maintenance Employees represented by the International Union of Operating Engineers (IUOE); and, Bargaining Unit 16—Physicians, Dentists, and Podiatrists represented by the Union of American Physicians and Dentists (UAPD) to begin prefunding of OPEB effective July 1, 2012. In 2011, side letters modified the agreements specifying that rank and file employees would begin contributing 0.5% of base salary toward prefunding of OPEB effective July 1, 2013.

The purpose of this memorandum is to inform personnel officers and transactions supervisors and staff regarding the implementation of this new payroll deduction:

- The deduction will be applied monthly regardless of the employee's pay frequency (e.g., monthly, semi-monthly, bi-weekly) and printed on the statement of earnings under deductions as:
  - \*BU 12 CERBT (for unit 12 employees)
  - \*BU 16 CERBT (for unit 16 employees)*\*indicates pretax*

**Negative Pay Employees**

Monthly—

- Although effective July 1, there will not be any deduction taken from the July pay warrants. The first deduction (0.5%) for negative pay employees, i.e., roll codes 1 and 2, will be taken from the August 2013 pay warrant.

- The deduction for the July pay period (0.5%) will be taken from the September pay warrant, in addition to the September deduction (0.5%), for a total of a 1% deduction on the September pay warrant.
- Beginning with October 2013, the deduction will stabilize at 0.5% per month ongoing.

### **Positive Pay Employees**

Although effective July 1, there will not be any deductions taken from the July pay warrants for positive pay employees (i.e., monthly, semi-monthly, bi-weekly).

#### Monthly—

- For positive pay employees paid monthly, i.e., roll codes 3 and 4, the 0.5% deduction will be based upon the hours paid the previous month. For example, the deduction held from the September payroll will be calculated based upon hours paid during the August pay period.
- The first deduction (0.5%) will occur in the August pay warrant.
- The deduction for the July pay period (0.5%) will not show up until the September pay warrant, in addition to the September deduction (0.5%), for a total of a 1% deduction on the September pay warrant.
- Beginning with October 2013, the deduction will stabilize at 0.5% per month ongoing.

#### Semi-monthly—

- For positive pay employees paid semi-monthly, the 0.5% deduction will be based upon the hours paid the previous month and will be taken from the second warrant during each monthly pay period. For example, the deduction held from the second September pay warrant will be calculated based upon hours paid during the August pay period.
- The first deduction (0.5%) will occur in the second warrant in August.
- The deduction for the July pay period (0.5%) will not show up until the second September pay warrant, in addition to the September deduction (0.5%), for a total of a 1% deduction in the second September pay warrant.
- Beginning with October 2013, the deduction will stabilize at 0.5% per month ongoing.

#### Bi-weekly—

- For positive pay employees paid bi-weekly, i.e., roll code 7, the deduction will be based upon the hours paid for the previous month.

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- Employees on bi-weekly pay cycles will have the (0.5%) deduction withheld based on the bi-weekly pay period/deduction schedule located in the Payroll Procedures Manual Section D 201.
- Beginning with October 2013, the deduction will stabilize at 0.5% per month ongoing.

If employees have questions regarding their union agreement, they should contact their union representative directly. If personnel officers, supervisors, or staff have any questions or need additional clarification, please contact Michelle Garbato at (916) 323-0862 or [Michelle.Garbato@calhr.ca.gov](mailto:Michelle.Garbato@calhr.ca.gov).

/s/Greg Beatty

Greg Beatty, Chief  
Benefits and Training Division