

**California Department of Human Resources
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Procedures for Requesting CEA and Exempt Salary Increases Associated with Bargaining Units 9 & 10 Compaction Created by Pay Letter 14-17	REFERENCE NUMBER: 2014-033
DATE ISSUED: 09/30/14	SUPERSEDES:

This memorandum should be forwarded to:

**Agency Secretaries
Administrative Chiefs
Personnel Officers**

FROM: California Department of Human Resources
Personnel Management Division

CONTACT: Debbie Baldwin, Program Manager
(916) 323-8495
Debbie.Baldwin@CalHR.ca.gov

The purpose of this Policy Memorandum is to provide direction to departments on procedures for requesting salary increases for Career Executive Assignment (CEA) and Exempt positions to correct salary compaction issues created by Pay Letter 14-17, which increased salaries for some managerial and supervisory engineers and scientists.

BACKGROUND

On August 20, 2014, the California Department of Human Resources (CalHR) issued Pay Letter 14-17, which increased salaries for some managerial and supervisory engineering and scientific classifications effective July 1, 2014. In some instances, those salary increases have resulted in salary compaction between the incumbents in the CEA, and possibly Exempt positions, and their highest subordinate's classification.

Departments are responsible for identifying and notifying CalHR of the specific CEA and/or Exempt position for which a salary compaction problem has been created as a result of Pay Letter 14-17. Compaction exists where the CEA or Exempt's salary is not 2.5% to 5% greater than the maximum salary of the highest subordinate classification reporting to the CEA or Exempt.

CAREER EXECUTIVE ASSIGNMENT COMPACTION

The following procedures identify the steps all impacted departments must follow to request salary increases for the affected CEA positions.

Departments not yet selected for Delegation

Departments that do not have a signed CEA Delegation Agreement establishing a CEA Salary Cap, and which are not currently in the Salary Cap negotiation phase of the CEA Delegation process must complete the attached *CEA Compaction Identification Worksheet* to identify each CEA position for which salary compaction exists as a result of Pay Letter 14-17. For each impacted CEA position, departments must identify the class code, class title, and maximum salary of the highest subordinate class that is causing the compaction problem. A proposed salary may also be submitted in the appropriate column of the *CEA Compaction Identification Worksheet*. The compaction information must be submitted by email to Debbie.Baldwin@CalHR.ca.gov no later than October 10, 2014. Departments submitting a *CEA Compaction Identification Worksheet* must also submit organizational charts depicting each impacted CEA and their highest paid subordinate. Departments do not have authority to change CEA salaries to ease the compaction problem created by Pay Letter 14-17 without prior CalHR approval.

Departments with signed CEA Delegation Agreements and established CEA Salary Caps

Departments that have already signed CEA Delegation Agreements establishing a CEA Salary Cap with CalHR that have now identified CEA salary compaction issues as a result of Pay Letter 14-17 must report the compaction problem to CalHR via the *Monthly CEA Reporting Worksheet*, which was provided to departments at the time of delegation. Delegated departments must use the notes column to identify the class code, class title, and maximum salary of the highest subordinate class that is causing the compaction problem for each impacted CEA position. A proposed salary must also be submitted in the appropriate column of the *Monthly CEA Reporting Worksheet*. The compaction information must be submitted by email to both the department's assigned Personnel Management Division analyst and the Delegation.Project@CalHR.ca.gov inbox no later than the next monthly reporting cycle (10th of next month after release of this PML). Delegated departments seeking a CEA Salary Cap increase to correct the compaction created by Pay Letter 14-17 must also submit organizational charts depicting each impacted CEA and their highest paid subordinate.

Departments selected for Delegation who have not yet signed a CEA Delegation Agreement

Departments that have been selected for CEA delegation and have already submitted an *Initial CEA Reporting Worksheet* (provided by CalHR at the time of selection for Delegation) are considered to be in the Salary Cap negotiation phase of the CEA Delegation process. Departments that have already submitted their *Initial CEA Reporting Worksheet* but have now identified CEA salary compaction issues as a result of Pay Letter 14-17 should contact their Personnel Management Division analyst and the Delegation.Project@CalHR.ca.gov inbox to resubmit their *Initial CEA Reporting Worksheet* with the salary compaction problems identified. Departments in the negotiation phase must use the notes column of the *Initial CEA Reporting Worksheet* to identify the class code, class title, and maximum salary of the highest subordinate class that is causing the compaction problem for each impacted CEA position. A proposed salary may also be submitted in the appropriate column of the *Initial CEA Reporting Worksheet*. The compaction information must be submitted by email to both the department's assigned PMD analyst and the Delegation.Project@CalHR.ca.gov inbox no later than two weeks from the release of this PML. Departments seeking to include CEA salary increases to correct compaction as part of the CEA Salary Cap negotiation must also submit organizational charts depicting each impacted CEA and their highest paid subordinate, if they have not already provided this information to CalHR.

If your department has already submitted this information to CalHR as part of the CEA Salary Cap negotiation, you will not be required to re-submit this information.

Please note: There are some instances where it is not necessary or possible for a CEA to make more than its subordinates. For example, instances when the subordinate classes require special qualifications as a physician, engineer, or attorney, but the CEA performs a more high level administrative policy-making role that does not require the same special qualifications (and could therefore not make more money by demoting into the subordinate classifications). Be aware that if your department includes these types of salary increases in this process, CalHR will be reviewing each one on a case by case basis.

EXEMPT COMPACTION

Departments that have identified salary compaction issues between an Exempt and their highest paid subordinate as a result of Pay Letter 14-17 may request a salary increase for impacted Exempt positions by submitting an Exempt Position Request (EPR). Include a justification that indicates the highest subordinate classification that created the salary compaction with the Exempt position, an organizational chart that indicates the reporting relationship to the Exempt, and the proposed salary for the Exempt position. In most cases, the proposed Exempt salary should be increased only

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2.5% to 5% over the highest subordinate position's salary. This EPR should be submitted to the Governor's Office Appointment's Unit and to Debbie Baldwin at CalHR simultaneously.

/s/ Rosemary E. Sidley

Rosemary E. Sidley
Chief, CalHR Personnel Management Division

ATTACHMENT¹
CEA Compaction Identification Worksheet

CEA Compaction Identification Instructions

CEA Compaction Identification Worksheet

Report all CEA positions within your department for which salary compaction exists as a result of Pay Letter 14-xx. Add more rows as needed. For each impacted CEA position, departments must identify the class code, class title, and maximum salary of the highest subordinate class that is causing the compaction problem in the "Highest Subordinate" column. CalHR will use this data to determine appropriate salary exceptions, if any. Departments may propose salary increases in the "Highest Subordinate" column. CalHR will use this data to determine appropriate salary exceptions, if any. Departments may propose salary increases in the "Highest Subordinate" column.

CEA Status - Indicate the CEA status of each CEA allocated. (F) - Filled. (V) - Vacant. (I) - Inactive.

Effective Date - Indicate the effective date of the CEA Status. (F) - Date position was filled, (I) - Date if vacant more than six months, (V) - Date position became

Incumbent - Current Incumbent, if applicable.

Primary Function - CEA Program Area.

Position Number - Agency-Reporting Unit-Class Code-Serial Number.

A/E/P² - Indicates if the incumbent is an Attorney, Engineer, or Physician.

Position Title - CEA Title.

Approved CEA Level - The current approved level of the incumbent.

Current Monthly Salary - Actual monthly salary (Base pay, not including differentials).

Proposed Monthly Salary - Proposed actual salary, if your department wants to negotiate a level change at the time of delegation.

Highest Subordinate - Identify the class code, class title, and maximum salary of the highest subordinate class that is causing the compaction problem.

Updated 9/2014

CEA Compaction Identification Worksheet

Date: _____
Department: _____
Personnel Officer: _____
Phone #: _____
PMD Analyst: _____

CONTACT CALHR FOR EXCEL VERSION OF THIS WORKSHEET

No.	CEA Status ¹	Status Effective Date	Date Keyed	Incumbent Name	Primary Function	Position #	A/E/P ²	Position Title	Approved CEA Level	Current Monthly Salary (Actual)	Proposed Monthly Salary	Highest Subordinate
1	F	6/1/2014	6/5/2014	Bob Smith (example)	Engineering, Construction, Design	xxx-xxx-7500-xxx	E	Chief, Division of Engineering	A	\$9,051.00	\$11,768.00	3155 - Sup TE (\$11,208)
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¹(F) Filled, (V) Vacant, (I) Inactive
² (A) Attorney, (E) Engineer, (P) Physician

CEA Level	Level Max. Salary
Level A	\$6,296 - \$9,051
Level B	\$8,766 - \$10,442
Level C	\$9,735 - \$11,053
Restricted zone (A, E, P)	\$11,054 - \$14,058