



CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

Office of the Director
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Governor Edmund G. Brown Jr.
Secretary, Government Operations Agency Marybel Batjer
Director Richard Gillihan

September 1, 2015

The Honorable Kevin de León
Pro Tem, California State Senate
State Capitol, Room 205
Sacramento, California 95814

The Honorable Jean Fuller
Minority Leader, California State Senate
State Capitol, Room 3063
Sacramento, CA 95814

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

The Honorable Kristin Olsen
Minority Leader, California State Assembly
State Capitol, Room 3104
Sacramento, California 95814

Re: Tentative Agreement/Memorandum of Understanding (MOU) for Professional Engineers in California Government (PECG) Representing Bargaining Unit 9

Dear Senators de León and Fuller, and Assembly Members Atkins and Olsen:

Recently, the Department of Human Resources (CalHR) reached a new Tentative Agreement/MOU with PECG representing Bargaining Unit 9, Professional Engineers. Upon approval of the Legislature and the Governor, and ratification by the membership, this agreement will be effective July 2, 2015 through June 30, 2018.

The agreement will roll over language from past agreements and make several changes to address the state's retiree health care costs and associated unfunded liabilities. The state and Unit 9 have agreed to begin to phase-in the prefunding of retiree health care, starting on July 1, 2017, with the goal of each contributing 50 percent of the actuarially determined normal cost by July 1, 2019. In addition, Unit 9 members first hired on or after January 1, 2016, will need to work longer to become eligible for retiree health benefits and once vested will receive a lower employer contribution toward retiree health benefits. Finally, Unit 9 members will receive a five percent General Salary Increase (GSI), effective July 1, 2016, and a two percent GSI, effective July 1, 2017.

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>.

Respectfully,



Richard Gillihan
Director

Attachments

cc: Camille Wagner, Legislative Affairs Secretary, Office of the Governor
Daniel Alvarez, 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:

Tom Dyer, Chief Deputy Legislative Affairs Secretary
Office of the Governor

Jennifer Osborn, Deputy Secretary, Fiscal Policy and
Administration
Governmental Operations Agency

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

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

Erika Li, Asst. Program Budget Manager
Department of Finance

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

Charles Wright, Chief Consultant
Office of the Pro Tem

Chris Woods, Budget Director
Office of the Speaker

Greg Campbell, Chief of Staff
Office of the Speaker

Nick Hardeman, Chief Consultant
Office of the Speaker

Seren Taylor, Staff Director
Senate Republican Fiscal Office

Chantele Denny, Consultant
Senate Republican Fiscal Office

Anthony Archie, Consultant
Assembly Republican Fiscal Office

Eric Swanson, Staff Director
Assembly Republican Fiscal Office

Mark Ibele, Staff Director
Senate Budget Committee

Anita Lee, Consultant
Senate Budget Committee

Christian Griffith, Chief Consultant
Assembly Budget Committee

Genevieve Morelos, Consultant
Assembly Budget Committee

Mark McKenzie, Staff Director
Senate Appropriations Committee

Robert Ingenito, Consultant
Senate Budget Committee

Pedro Reyes, Chief Consultant
Assembly Appropriations Committee

Joel Tashjian, Consultant
Assembly Appropriations Committee

Pamela Schneider, Chief Consultant
Senate PE&R Committee

Karon Green, Chief Consultant
Assembly PER&SS Committee

Gary Link, Consultant
Senate Republican Caucus

Mary Bellamy, Consultant
Assembly Republican Caucus

Pam Manwiller, Deputy Director for
Labor Relations
CalHR

Nathaniel Allen, Labor Relations
Officer
CalHR

Anthony Crawford, Chief
Office of Financial Management and
Economic Research
CalHR

**CALIFORNIA DEPARTMENT OF HUMAN RESOURCES
SUMMARY OF COLLECTIVE BARGAINING AGREEMENT
FOR BARGAINING UNIT 9**

**Exclusive Employee Representative:
Professional Engineers in California Government (PECG)**

Number of Employees: Approximately 10,815 full-time equivalents

General Provisions

I. Retiree Health Benefit Reforms

Prefunding of Other Post-Employment Benefits

- The state and Unit 9 members will prefund retiree healthcare with the goal of each reaching 50 percent cost sharing of actuarially determined total normal cost for employer and employees by July 1, 2019. The state and employees will each make the following contributions:
 1. Effective July 1, 2017, 0.5 percent of pensionable compensation.
 2. Effective July 1, 2018, an additional 0.5 percent for a total of 1.0 percent of pensionable compensation.
 3. Effective July 1, 2019, an additional 1.0 percent for a total of 2.0 percent of pensionable compensation.

Employer Contribution for Future Retirees

- For all employees first hired on or after January 1, 2016, the employer contribution for retiree health benefits shall not exceed 80 percent of the weighted average of the health benefit plan premiums for the employee or their eligible family members.

Post-Employment Health Benefit Vesting Schedule for Future Retirees

- All employees first hired on or after January 1, 2016, will be subject to an extended vesting schedule for retiree health benefits providing 50 percent of the employer contribution upon completion of 15 years of state service, increasing 5 percent for each additional year of service, until the employee is 100 percent vested at 25 years of state service.

II. Compensation

General Salary Increase (GSI)

- Effective July 1, 2016, all Unit 9 represented classifications shall receive a five percent (5%) GSI.

- Effective July 1, 2017, all Unit 9 represented classifications shall receive a two percent (2%) GSI.

First Night (Evening) Shift Differential

- Effective July 1, 2016, the first night (evening) shift pay differential shall increase from \$0.80 per hour to \$1.80 per hour for employees where four or more hours of the regularly scheduled work shift falls between 6 p.m. and midnight.

Second Night (Night) Shift Differential

- Effective July 1, 2016, the second night (night) shift pay differential shall increase from \$1.00 per hour to \$2.00 per hour for employees where four or more hours of the regularly scheduled work shift falls between midnight and 6 a.m.

III. Miscellaneous

- Business and Travel: Effective July 1, 2016, the state agrees to increase the lodging rate for Alameda, San Mateo, and Santa Clara Counties from \$125 to \$140.
- Private Aircraft Mileage Reimbursement Rate: Effective July 1, 2016, the state agrees to increase the reimbursement rate from \$0.50 to \$1.29.
- Time off for Organ and Bone Marrow Donation.
- Furlough Protection: The state agrees to not implement a furlough program or a mandatory Personal Leave Program during the first two years of the agreement. Any furlough during the third year must be authorized pursuant to an act of the Legislature.
- 80-Hour Vacation/Annual Leave Cash Out: Effective June 1, 2016, and depending on the availability of departmental funds, the state agrees to permit cash out of leave up to 80 hours per year.

IV. Duration

- July 2, 2015 through June 30, 2018

V. Fiscal

- Fiscal Year 2015-16: \$0
- Total Incremental Cost: \$137.9 million (\$4.8 million General Fund)
- Total Budgetary Cost: \$467.7 million (\$16.4 million General Fund)

VI. Agreement

- The complete Tentative Agreement between the state and PECG is posted at: <http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx#bu9>

California Department of Human Resources
 Bargaining Unit 09 (PECG)
 3-Year Agreement and 5-Year Incremental Cost Summary
 (Dollars in Thousands)

Rank and File	Effective Date	2015-16			2016-17			2017-18			2018-19			2019-20			Total Incremental			Total Budgetary		
		GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
5% GSI	7/1/16				\$2,854	\$78,585	\$81,439									\$2,854	\$78,585	\$81,439	\$11,415	\$314,342	\$325,757	
2% GSI	7/1/17							\$1,199	\$33,006	\$34,204						\$1,199	\$33,006	\$34,204	\$3,596	\$99,018	\$102,613	
0.5% OPEB	7/1/17							\$193	\$5,305	\$5,497						\$193	\$5,305	\$5,497	\$578	\$15,914	\$16,492	
0.5% OPEB	7/1/18										\$193	\$5,305	\$5,497			\$193	\$5,305	\$5,497	\$385	\$10,609	\$10,995	
1.0% OPEB	7/1/19												\$385	\$10,609	\$10,995	\$385	\$10,609	\$10,995	\$385	\$10,609	\$10,995	
Pay Diff 85 - Night and Evening \$1 Increase	7/1/16				\$8	\$213	\$221									\$8	\$213	\$221	\$31	\$852	\$883	
Subtotal Rank and File Costs		\$0	\$0	\$0	\$2,861	\$78,798	\$81,660	\$1,391	\$38,311	\$39,702	\$193	\$5,305	\$5,497	\$385	\$10,609	\$10,995	\$4,831	\$133,023	\$137,854	\$16,390	\$451,344	\$467,734
Non-Adds																						
Lodging Reimbursement Increase for 3 Counties	7/1/16				\$1	\$20	\$21									\$1	\$20	\$21	\$3	\$80	\$84	
Private Aircraft Mileage 50 cents to \$1.29	7/1/16				\$0	\$1	\$1									\$0	\$1	\$1	\$0	\$5	\$6	
80 Hour Leave Cash Out (additional 60 hours)	6/1/16	\$1,158	\$31,887	\$33,045	\$58	\$1,594	\$1,652	\$24	\$670	\$694						\$1,240	\$34,151	\$35,391	\$3,614	\$99,519	\$103,133	
Total Non-Adds		\$1,158	\$31,887	\$33,045	\$59	\$1,616	\$1,675	\$24	\$670	\$694	\$0	\$0	\$0	\$0	\$0	\$0	\$1,241	\$34,172	\$35,413	\$3,618	\$99,605	\$103,223
Grand Total Rank and File Costs		\$1,158	\$31,887	\$33,045	\$2,920	\$80,414	\$83,334	\$1,416	\$38,980	\$40,396	\$193	\$5,305	\$5,497	\$385	\$10,609	\$10,995	\$6,072	\$167,196	\$173,267	\$20,008	\$550,949	\$570,957

California Department of Human Resources
 Bargaining Unit 09 (PECG)
 3-Year Agreement and 5-Year Budgetary Cost Summary
 (Dollars in Thousands)

Rank and File		2015-16			2016-17			2017-18			2018-19			2019-20			Total Budgetary		
Proposal	Effective Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
5% GSI	7/1/16				\$2,854	\$78,585	\$81,439	\$2,854	\$78,585	\$81,439	\$2,854	\$78,585	\$81,439	\$2,854	\$78,585	\$81,439	\$11,415	\$314,342	\$325,757
2% GSI	7/1/17							\$1,199	\$33,006	\$34,204	\$1,199	\$33,006	\$34,204	\$1,199	\$33,006	\$34,204	\$3,596	\$99,018	\$102,613
0.5% OPEB	7/1/17							\$193	\$5,305	\$5,497	\$193	\$5,305	\$5,497	\$193	\$5,305	\$5,497	\$578	\$15,914	\$16,492
0.5% OPEB	7/1/18										\$193	\$5,305	\$5,497	\$193	\$5,305	\$5,497	\$385	\$10,609	\$10,995
1.0% OPEB	7/1/19													\$385	\$10,609	\$10,995	\$385	\$10,609	\$10,995
Pay Diff 85 - Night and Evening \$1 Increase	7/1/16				\$8	\$213	\$221	\$8	\$213	\$221	\$8	\$213	\$221	\$8	\$213	\$221	\$31	\$852	\$883
Subtotal Rank and File Costs		\$0	\$0	\$0	\$2,861	\$78,798	\$81,660	\$4,253	\$117,109	\$121,362	\$4,445	\$122,414	\$126,859	\$4,831	\$133,023	\$137,854	\$16,390	\$451,344	\$467,734
Non-Adds																			
Lodging Reimbursement Increase for 3 Counties	7/1/16				\$1	\$20	\$21	\$1	\$20	\$21	\$1	\$20	\$21	\$1	\$20	\$21	\$3	\$80	\$84
Private Aircraft Mileage 50 cents to \$1.29	7/1/16				\$0	\$1	\$1	\$0	\$1	\$1	\$0	\$1	\$1	\$0	\$1	\$1	\$0	\$5	\$6
80 Hour Leave Cash Out (additional 60 hours)	6/1/16	\$1,158	\$31,887	\$33,045	\$1,216	\$33,481	\$34,697	\$1,240	\$34,151	\$35,391							\$3,614	\$99,519	\$103,133
Total Non-Adds		\$1,158	\$31,887	\$33,045	\$1,217	\$33,503	\$34,720	\$1,241	\$34,172	\$35,413	\$1	\$21	\$22	\$1	\$21	\$22	\$3,618	\$99,605	\$103,223
Grand Total Rank and File Costs		\$1,158	\$31,887	\$33,045	\$4,078	\$112,301	\$116,379	\$5,494	\$151,281	\$156,775	\$4,446	\$122,435	\$126,881	\$4,831	\$133,045	\$137,876	\$20,008	\$550,949	\$570,957