

Final

8/26/09

9:40 AM

Pursuant to the recommendations of the Public Employee Post-Employment Benefits Commission, the parties recognize the importance of beginning to prefund its liabilities for retiree health benefits. The State and CAHP hereby agree to share in the responsibility toward beginning the prefunding of these liabilities for sworn members of the California Highway Patrol and agree that the foregoing provision is implemented as a means to begin to offset the future financial liability for health benefits for retired Patrol members. This agreement is an addendum to the Unit 5 Memorandum of Understanding.

The parties agree to support the following legislation:

Section 22944.3 is added to the Government Code to read:

- a) Any amount that would otherwise be used to permanently increase compensation pursuant to section 19827, effective on July 1, 2009 and on July 1, 2010, shall instead be used to permanently prefund post employment health care benefits for patrol members. The amount used to prefund contributions for any increases under the survey methodology effective July 1, 2010 shall not exceed 2%. The State shall take credit for these prefunding contributions in the survey methodology established by section 19827 in the same manner as it would for an increase to the base salary for patrol members.
- b) In addition to the above, patrol members shall contribute an additional .5% (one half percent) of base pay toward prefunding retiree health benefit obligations effective on the 1st of the following pay period after the passage of this legislation and ratification of State Bargaining Unit 5 members. This contribution shall not reduce the base salary of patrol members under the survey methodology established by section 19827.
- c) Effective July 1, 2012, the State shall contribute an amount at least equal to the combined contributions of subsection a) and b) toward prefunding retiree health benefits. These contributions may be used in the survey methodology established by section 19827 if mutually agreed in a MOU.
- d) For purposes of this section, patrol member has the same meaning as section 20390 with regard to State employees of the California Highway Patrol. This section shall not apply to an employee of a county.
- e) Contributions paid pursuant to this section shall be used exclusively for the cost of providing post employment health care to eligible enrolled patrol member annuitants and their eligible enrolled dependents, beneficiaries and survivors.

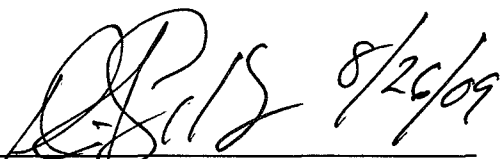
- f) Contributions paid pursuant to this section shall not be refundable under any circumstances to a patrol member or his or her beneficiary or survivor.
- g) Any amount in section a) above used to prefund post employment health care for patrol members pursuant to this section shall not be included in any calculation for benefits using final compensation.

The revised survey and examples to demonstrate the intent of this agreement are listed below.


Example:

- July 1, 2009 – Survey pursuant to Section 19827 delivers .5%
 - Effective on passage of legislation – Patrol members contribute .5% from base salary
- Total OPEB contribution FY 2009/10 = 1%
- July 1, 2010 – Survey pursuant to Section 19827 delivers .8% (EXAMPLE ONLY)
- Combined OPEB contribution July 2010 = 1.8 %
- July 1, 2012- State contributes 1.8% to OPEB funding to match 2009 and 2010 contributions.


Total combined OPEB contributions = 3.6%



Dave Gilb, Director
Department of Personnel Administration



Rick Mattos, President
California Association of
Highway Patrolmen



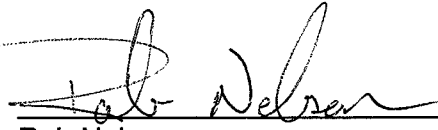
Julie Chapman, Deputy Director
Department of Personnel Administration



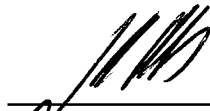
Jon Hamm, Chief Negotiator
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Diane Navarro 8/26/09

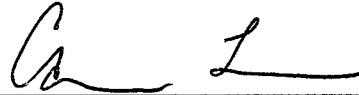
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