

**DEPARTMENT OF PERSONNEL ADMINISTRATION  
SUMMARY OF ADDENDUM TO AGREEMENT FOR BARGAINING UNIT 5  
CALIFORNIA ASSOCIATION OF HIGHWAY PATROLMEN**

***Number of Employees:*** Affects approximately 6,130 employees.

***Summary***

This is an addendum to the 2006-2010 Memorandum of Understanding (MOU) between the State and the California Association of Highway Patrolmen (CAHP). The addendum contains requirements to use a portion of employee compensation to prefund retiree health care costs.

The State employer, beginning July 1, 2012, shall provide matching contributions to the prefunding account.

***Details of Agreement***

- The original contract would have given CHP officers a 0.5 percent raise effective July 1, 2009, based on the statutorily required annual salary survey. Instead, this amount will be deposited in a retiree health benefit prefunding account that will be used to defray patrol member retiree health costs.
- The CHP officers shall begin making contributions from their current salaries in the amount of 0.5 percent. This will make the percentage payment in 2009 equal to 1 percent of compensation. These payments will begin in the month following passage of this legislation and ratification by the union members.
- Beginning July 1, 2010, when the statutory and contractual annual pay adjustment would normally be due, it too will be deposited in the account for pre-funding of retiree health benefits. The amount of the 2010 contribution will capped at 2 percent. Thus, the combined ongoing contribution rate resulting from 2009 and 2010 will be an amount between 1 and 3 percent of compensation.
- Beginning on July 1, 2012, the State will begin matching the contribution rate established by the 2009 and 2010 contributions (between 1 and 3 percent of compensation).
- The amounts that would have been otherwise paid as salary increases in 2009 and 2010 will apply toward the State's credit in calculating future increases as required by the statutory salary setting methodology (see Government Code section 19827). In addition, those amounts may not be counted as compensation for the purpose of computing retirement benefits.
- The prefunding created by this agreement shall be used exclusively to pay for patrol members of CalPERS and their beneficiaries and survivors.

- Any contributions made by or on behalf of patrol members pursuant to this agreement may not be refunded under any circumstances.
- These requirements will be codified in legislation that will amend an article of the Public Employees' Medical and Hospital Care Act (PEMHCA). This article is specifically intended to allow for the prefunding of retiree health care costs. CalPERS administers PEMHCA and will administer this prefunding account consistent with other prefunding accounts established for public employers under that system.

### ***Other Information***

This Addendum to the 2006-2010 MOU between the State and CAHP addresses the importance of beginning to prefund liabilities for retiree health benefits as a shared responsibility. The amended MOU makes the California Highway Patrol Officer union the first union to start pre-funding their retiree health benefits.

The amended contract does not represent an increased cost for the state as the state would otherwise be increasing officer pay. The 09/10 budget already includes the 0.5 percent compensation increase that would otherwise be due to patrol officers as a pay increase.

The revised contract ensures that pay raises in 2009 and 2010 that would have otherwise been required by law to maintain pay parity with local law enforcement will instead be used to prefund retiree health costs.

The Governor's Public Employee Post-Employment Benefits Commission made recommendations regarding the need to prefund retiree health care obligations. This agreement represents a first step toward achieving that goal.