



CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

Office Of The Director

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Governor Edmund G. Brown Jr.
Director Julie Chapman
Chief Deputy Director, Howard Schwartz

July 3, 2013

The Honorable Mark Leno
Chair, Joint Legislative Budget Committee
Legislative Office Building
1020 N Street, Room 553
Sacramento, CA 95818


Re: Addendum to Bargaining Unit 5, California Association of Highway Patrolmen Memorandum of Understanding – Salary

This is to inform you of a recent agreement reached between the State and Bargaining Unit 5, the California Association of Highway Patrol (CAHP). The attached addendum is effective July 1, 2013.

This addendum clarifies the survey methodology pursuant to existing statute in Government Code 19827. Based on that statutory salary survey, the increase is 5.9 percent (5.9%). The agreement reached with CAHP divides this increase between a 1.9 percent (1.9%) redirection to pre-fund Other Post-Employment Benefits (OPEB) and a General Salary Increase of 4 percent (4%) for CAHP members and cadets. Provisional language, approved by the Legislature in Item 9800 of the Budget Act of 2013, allows the Director of Finance to make adjustments to that item pursuant to existing statute. The Administration will use this authority to provide the necessary funding for this agreement.

CalHR is providing this addendum for the Committee's information according to Government Code §3517.63. If you have any questions or concerns please contact Nancy Farias, Legislative Deputy at (916) 327-2348.

Sincerely,



Julie Chapman, Director
California Department of Human Resources

attachments

cc: Members, Joint Legislative Budget Committee

Peggy Collins, Principal Consultant
Joint Legislative Budget Committee

David Lanier, Legislative Affairs Deputy
Office of Governor Edmund G. Brown Jr.

Mac Taylor, Legislative Analyst
Office of the Legislative Analyst

ecc:

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

Nick Schroeder, Consultant
Office of the Legislative Analyst

Richard Gillihan, 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

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Mark McKenzie, Staff Director
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Maureen Ortiz, Consultant
Senate Appropriations Committee

Geoff Long, Chief Consultant
Assembly Appropriations Committee

Roger Dunstan, 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

Terry Mast, Consultant
Assembly Republican Caucus

Alene Shimazu, Chief
Fiscal Analysis, CalHR

Pam Manwiller, Chief
Labor Relations, CalHR

**Addendum to Bargaining Unit 5 Memorandum of Understanding
between the
California Association of Highway Patrolmen
and the
State of California
July 1, 2013**

Where the provisions of this addendum are in conflict with the provisions of the existing collective bargaining agreement or any other addendum to this agreement, this addendum shall be controlling.

- **GC 19827 Survey Methodology**

The parties agree that for the fiscal year 2013-14, employee contributions toward Other Post Employment Benefits (OPEB) will not be considered in salary survey conducted pursuant to Government Code section 19827. Effective July 1, 2014, and ending June 30, 2018, two percent (2%) of the uniformed CHP member contribution toward OPEB will be considered in the total compensation for a CHP Officer only, as defined in the salary survey conducted pursuant to Government Code Section 19827. Beginning July 1, 2018, the total uniformed CHP member contribution toward OPEB will be considered in the total compensation for a CHP Officer. In addition, effective July 1, 2018, any OPEB contributions made by other agencies identified in the salary survey conducted pursuant to Government Code section 19827 shall also be considered.

The parties agree that for the duration of this agreement only, the rate for employee contributions toward retirement, as defined in the Government Code section 19827 salary survey methodology (utilizing an age 24 entry age) for each jurisdiction will be determined using a simple average methodology, meaning each of the rates paid by employees still working as of the date of the survey (based on an entry age of 24) will be considered in the simple average. During the term of this agreement, the parties will explore other methods of accurately measuring pension contribution rates and may, by mutual agreement, adopt changes.

The parties agree that the 2% addition to top step for CHP Officers, which was effective January 1, 2012 as indicated in the existing agreement, will no longer be excluded from the salary survey conducted pursuant to Government Code section 19827.

- **Other Post Employment Benefits**

For the fiscal year 2013-14 only, contributions made by Patrol Members toward the prefunding of OPEB, pursuant to Government Code Section 22944.3, and as identified in Section 42, Subsections a. and b. of the 2010-2013 Bargaining Unit 5 Memorandum of Understanding, shall continue to be redirected as an employee contribution toward retirement, for a total of two percent (2%). This contribution shall be in addition to the nine-and-one-half percent (9.5%) of all salary in excess of \$863 per month that will be deducted from Patrol Members' paychecks as an employee

contribution toward retirement beginning July 1, 2013 (8% current plus 1.5% new contribution as a result of PEPRA).

Effective July 1, 2013, uniformed CHP members shall contribute 1.9% of salary to permanently prefund post employment health care benefits for uniformed CHP members only through the fund established by CalPERS for uniformed CHP members in the California Employers Retiree Benefit Trust (CERBT). This contribution is based on an amount that would have otherwise been used to permanently increase compensation pursuant to the results of the Government Code section 19827 salary survey for July 1, 2013.

As established in the existing agreement, effective July 1, 2013, the State shall contribute 2% to permanently prefund post employment health care benefits for uniformed CHP members only through the fund established by CalPERS for uniformed CHP members in the CERBT.

Effective July 1, 2015, the State shall contribute an additional 1.9% to permanently prefund post employment health care benefits for uniformed CHP members through the fund established by CalPERS for uniformed CHP members only in the CERBT. This contribution shall be in addition to the contributions already being made (matching the additional employee contributions effective July 1, 2013).

The additional OPEB contributions described in this section will be subject to Government Code section 22944.3 (d) and (e), consistent with existing contributions.

- **PLP**

The Personal Leave Program (PLP) shall end June 30, 2013, and employees who have been participating in PLP shall receive the corresponding salary of 4.62% back into their salaries effective July 1, 2013.

- **Salaries**

Effective July 1, 2013, uniformed CHP members and cadets shall receive a General Salary Increase of 4 percent (4%). The survey conducted pursuant to Government Code section 19827 shall continue to govern salary determinations on July 1 of each year for duration of this agreement.

- **Business and Travel**

Rates for Meals and Incidentals:

Breakfast up to \$8.00

Lunch up to \$12.00

Dinner up to \$20.00

Incidentals up to \$6.00

Total up to \$46.00 for every full 24 hours of travel

Lodging:

Regular State Business Travel: Statewide, in locations not listed otherwise in this agreement, for receipted lodging while on travel states to conduct State business, actual lodging up to \$90 plus applicable taxes.

When employees are required to do business and obtain lodging in the counties of Los Angeles, Orange, Ventura & Edwards AFB, less the city of Santa Monica, actual lodging up to \$120 plus applicable taxes.

When employees are required to do business and obtain lodging in the counties Sacramento, Napa and Riverside, actual lodging up to \$95 plus applicable taxes.

When employees are required to do business and obtain lodging in the counties San Diego, Monterey, Alameda, San Mateo and Santa Clara, actual lodging up to \$125 plus applicable taxes.

When employees are required to do business and obtain lodging in the county of San Francisco and the City of Santa Monica, actual lodging up to \$150 plus applicable taxes.


- **PEPRA Cost Savings**

The State and CAHP shall work to determine the savings realized by the State as a result of the Public Employees Pension Reform Act (PEPRA), enacted January 1, 2013.

State of California

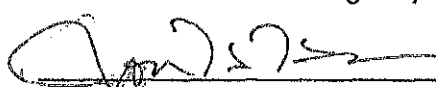
6-19-13


Dan Manwiler, CalHR

 *6-19-13*

Chris Main, CHP

California Association of Highway Patrolmen

6/19/13


Jon Hamm

California Department of Human Resources
 Bargaining Unit 05 + Related Excluded
 California Association of Highway Patrolmen (CAHP)
 Addendum Summary
 Budgetary Costs/(Savings)
 (\$ in Thousands)

Rank and File						
Bargaining Unit	Costing Proposal	Eff Date	Cost/Savings	2013-14		
				GF	OF	Total
R05	FY 13-14 Salary Survey GSI (4.0%)	7/1/2013	Cost	\$	\$34,726	\$34,726
R05	OPEB Contribution of 1.9% for FY13-14	7/1/2013	Cost	\$	\$9,690	\$9,690
R05	Pension Redirected back to OPEB (2%) - (org code 2720)	7/1/2013	Cost	\$	\$10,200	\$10,200
R05	OPEB redirected from Pension (2%) - (org code 9651)	7/1/2013	Savings	\$	(\$10,200)	(\$10,200)
R05	Total Cost / (Savings)			\$	\$44,415	\$44,415

Rank and File						
Non-Adds				GF	OF	Total
R05	OPEB Sec. 22944.3 (c) (State Match of OPEB Sec. 22944.3 (a) and (b))	7/1/2013	Cost	\$	\$10,100	\$10,100
R05	Travel	7/1/2013	Cost	\$	\$103	\$103
R05	HDV	1/1/2014	Cost	\$	\$3,171	\$3,171
R05	Total Cost / (Savings)			\$	\$13,374	\$13,374

OPEB contributions from employees will reduce the State retiree health cost over the long term, but they are not likely to reduce the State OPEB costs over the short term.

California Department of Human Resources
 Bargaining Unit 05 + Related Excluded
 California Association of Highway Patrolmen (CAHP)
 Addendum Summary
 Budgetary Costs/(Savings)
 (\$ in Thousands)

Related Excludeds						
Bargaining Unit	Costing Proposal	Eff Date	Cost/Savings	2013-14		
				GF	OF	Total
M05	FY 13-14 Salary Survey GSI (4.0%)	7/1/2013	Cost	\$	\$3,174	\$3,174
M05	Pension Redirected back to OPEB (2%) - (org code 2720)	7/1/2013	Cost	\$	\$954	\$954
M05	OPEB redirected from Pension (2%) - (org code 9651)	7/1/2013	Savings	\$	(\$954)	(\$954)
E99	FY 13-14 Salary Survey GSI (4.0%)	7/1/2013	Cost	\$	\$13	\$13
S05	FY 13-14 Salary Survey GSI (4.0%)	7/1/2013	Cost	\$	\$5,705	\$5,705
S05	Pension Redirected back to OPEB (2%) - (org code 2720)	7/1/2013	Cost	\$	\$1,528	\$1,528
S05	OPEB redirected from Pension (2%) - (org code 9651)	7/1/2013	Savings	\$	(\$1,528)	(\$1,528)
Related Excludeds	Total Cost / (Savings)			\$	\$8,891	\$8,891

Related Excludeds						
Non-Addis				GF	OF	Total
M05	OPEB Sec. 22944.3 (c) (State Match of OPEB Sec. 22944.3 (a) and (b))	7/1/2013	Cost	\$	\$915	\$915
M05	Travel	7/1/2013	Cost	\$	\$5	\$5
S05	OPEB Sec. 22944.3 (c) (State Match of OPEB Sec. 22944.3 (a) and (b))	7/1/2013	Cost	\$	\$1,499	\$1,499
S05	Travel	7/1/2013	Cost	\$	\$13	\$13
Related Excludeds	Total Cost / (Savings)			\$	\$2,433	\$2,433

OPEB contributions from employees will reduce the State retiree health cost over the long term, but they are not likely to reduce the State OPEB costs over the short term.

California Department of Human Resources
Bargaining Unit 05 + Related Excluded
California Association of Highway Patrolmen (CAHP)
Addendum Summary
Budgetary Costs/(Savings)
(\$ in Thousands)

Data Sources: Position Benefits Table (March 2013) and SCO Table 183 (April 2013)

Salary survey GSIs are provided each fiscal year from FY13-14 through FY18-19. GSIs costs included for Cadets and all related excluded including CHP Commissioner. FY13-14 items already in the Governor's Budget FY13-14 have been added to this costing summary as Non-Adds.

The 2% retirement redirect back to OPEBs will continue to be in retirement until FY14-15, at which point it will be redirected back to OPEBs.

Employees will contribute 1.9% of their FY13-14 Salary Survey GSI towards OPEBs.

The State will match the 1.9% OPEB contributions in FY15-16.

Health, Dental, and Vision (HDV) have been updated to display costs through FY18-19. (up to 2018 estimated rates)

Travel costs will be absorbed by the department.

OPEB Sec. 22944.3 (c) (State Match of OPEB Sec. 22944.3 (a) and (b)) is matched to the value in the May Revision for FY13-14, per DOF's request. Any differences for FY13-14, as well as the values for the fiscal years that follow FY13-14, have been included in the adds section.

The Administration has decided to extend the 4% GSI to the related excludeds.