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STATE COUNTER-PROPOSAL

COVID-19 PANDEMIC RECESSION SIDE LETTER

The COVID-19 Pandemic Recession requires a savings in BU 5 employee compensation in order to balance the state budget. The parties have negotiated the following savings measures:

I. Personal Leave Program 2020

Effective with the first day of the pay period following ratification through the June 2022 pay period, employees will be subject to the Personal Leave Program 2020 (PLP 2020) for nine (9) hours per pay period as provided below. The nine (9) hours of PLP credit are for the eight (8) hours in a single day of payroll deduction in subsection A, below, and one (1) hour for the achieved savings from suspending uniform and cleaning allowances.

A. Each full-time employee shall continue to work their assigned work schedule and shall have a reduction in pay equal to 4.62%.

B. Each full-time employee shall be credited with nine (9) hours of PLP 2020 on the first day of each pay period for the duration of the PLP 2020 program.

C. Salary rates and salary ranges shall remain unchanged.

D. Employees will be given discretion to use PLP 2020 subject to operational considerations.

   1. PLP 2020 time must be used before any other leave that may be cashed out upon separation with the exception of Sick Leave.

   2. Employees may elect to use PLP 2020 in lieu of approved Sick Leave.

   3. PLP 2020 shall be requested and used by the employee in the same manner as Vacation/Annual Leave.

   4. Subject to the above, requests for use of PLP 2020 leave must be submitted in accordance with departmental policies on Vacation/Annual Leave.

E. Leave balance caps for employees' Annual Leave and Vacation Leave banks shall be increased from 816 hours to 1,032 hours for no less than the duration of

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this agreement, and shall be extended in the event the employer is not able to reduce balances for operational reasons.

F. All leave earned under PLP 2020 should be used prior to voluntary separation. Appointing powers may schedule employees to take PLP 2020 time off to meet the intent of this section. If an employee is unable to use this leave prior to their separation and the separation date cannot be extended, PLP 2020 shall be cashed out.

G. A State employee shall be entitled to the same level of State employer contributions for health, vision, dental, flex-elect cash option, and enhanced survivor's benefits they would have received had the PLP 2020 not occurred.

H. PLP 2020 shall not cause a break in State service, nor a reduction in the employee's accumulation of service credit for the purposes of seniority and retirement. PLP 2020 does not affect other leave accumulations, or service towards a merit salary adjustment.

I. PLP 2020 shall not affect the employee's final compensation used in calculating State retirement benefits, shall not reduce the calculation of incentive pays and shall not ~~nor~~ reduce the level of State death or disability benefits to supplement those benefits with paid leave.

J. The PLP 2020 reductions shall not affect transfer determinations between state civil service classifications.

K. Part-time employees shall be subject to the same conditions as stated above, on a pro-rated basis. Pro-ration shall be determined based on the employee's time base in the same manner as Sick Leave.

L. PLP 2020 for permanent intermittent employees shall be pro-rated based upon the number of hours worked in the monthly pay period, pursuant to the chart in Section P below.

M. PLP 2020 shall be administered consistent with the existing payroll system and the policies and practices of the State Controller's Office.

N. Employees on SDI, NDI, ENDI, IDL, EIDL, or Workers' Compensation (Labor Code Section 4800.5 benefits and TDI benefits) for the entire monthly pay period shall be excluded from PLP 2020 for that month.

O. Seasonal and temporary employees are not subject to PLP 2020.

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P. All Permanent Intermittent employees shall be subject to the pro-ration of salary and PLP 2020 credits pursuant to the chart below:

Hours Worked During Credit Pay Period	PLP 2020
0-10.9	0.00
11-30.9	1.13
31-50.9	2.25
51-70.9	3.38
71-90.9	4.50
91-110.9	5.63
111-130.9	6.75
131-150.9	7.88
151 or more	9

Q. Disputes regarding the denial of the use of PLP 2020 time may be appealed through the grievance procedure. The decision by the Department of Human Resources shall be final and there may be no further appeals.

R. The parties agree that there shall be no further personal leave or furlough programs for the term of the PLP 2020, subject to the exceptions noted in this Side Letter.

II. Contract Reopener Language – Elimination of Pay Decreases and Suspensions In the Event of Additional State Revenues

A. Due to the significant economic impacts of the COVID-19 Recession, in accordance with sections 3517.6 and 19827 of the Government Code, notwithstanding any other provision of law, the following economic provisions of the existing memorandum of understanding (MOU), which require the expenditure of funds for increased salaries, wages and other compensation that were to become effective at any point during the 2020-21 or 2021-22 fiscal years, except as noted in Section II. B. below, are hereby suspended consistent with this Side Letter effective July 1, 2020, as ratified by the union and approved by the Legislature:

- The $920 per year allowance for uniforms provided for in Section 68.

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- The $25 per month for uniform maintenance and cleaning provided for in Section 68.
- The employer and employee shares for Prefunding of Postretirement Health Benefits (OPEB) provided for in Section 42.
- Increases to employee retirement contributions provided for in Section 37.

B. The remainder of the MOU, including economic terms of the agreement not specifically related to the various pay items listed in paragraph A, such as the amount necessary for the payment of compensation and employee benefits that were in effect prior to the 2020-21 fiscal year, shall continue in full effect, subject to the reductions agreed to in this Side Letter. Furthermore, the parties agree to meet and discuss the 2021 Employee Compensation Salary Survey conducted pursuant to Government Code Section 19827.

C. The determination of sufficient funding relative to this Side Letter shall be at the sole discretion of the Director of the Department of Finance if either of the following circumstances occur:

   1. If the Director of the Department of Finance, as a result of appropriate federal legislation providing additional funding to the state to address the impacts of the COVID-19 Recession, elects to restore some or all of the various pay items that have been suspended.

   2. If the Director of the Department of Finance, as a result of state revenue becoming sufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the cost of providing the various pay items that have been suspended or reduced as a result of the COVID-19 Recession, elects to restore some or all of the various pay items that have been suspended.

D. In the event the Director of the Department of Finance elects to restore some or all of the various pay items that have been suspended by operation of this Side Letter, the State shall provide notice to the Union and shall meet and confer with the Union upon request regarding the impact of that determination.

E. In the event that neither of the circumstances in paragraph C occur and/or the Director of the Department of Finance does not restore the state and employee shares of Prefunding of Postretirement Health Benefits (OPEB), the employer and employee contributions shall be restored on July 1, 2022, and the parties shall once again incorporate the 3.4 percent employee share of pensionable compensation into the salary survey conducted pursuant to Government Code Section 19827. However, if projected state revenues at the 2022-23 May Revision to the Governor's Budget continue to be insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the aforementioned OPEB contributions, the employee and employer OPEB contributions and inclusion of the 3.4 percent

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employee share for OPEB into the salary survey shall become effective on July 1, 2023. Determination of funding availability relative to this section shall be at the sole discretion of the Director of the Department of Finance.

F. Upon the OPEB contributions being restored pursuant to paragraph E and consistent with the provisions in place prior to the implementation of this Side Letter, the OPEB contributions of the employees and the employer, as provided for in Section 42, will be amended as follows:

- July 1, 2022 or July 1, 2023: employee shall contribute1.1 percent of pensionable compensation and employer shall contribute 5.7 percent of pensionable compensation, for a total of 6.8 percent of pensionable compensation.
- July 1, 2023 or July 1, 2024: employee shall contribute 2.3 percent of pensionable compensation and employer shall contribute 4.5 percent of pensionable compensation, for a total of 6.8 pensionable compensation.
- July 1, 2024 or July 1, 2025: employee shall contribute 3.4 percent of pensionable compensation and employer shall contribute 3.4 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

G. Further, increases to employee retirement contributions provided for in Section 37 are suspended until the OPEB contributions are restored as provided in paragraph E. Consistent with the provisions of the existing collective bargaining agreement, additional contributions to retirement, if implemented pursuant to Section 37, shall not increase more than 1 percent per year.

H. No provision of this Article shall be subject to the grievance and arbitration procedure; this Article is specifically not subject to arbitration.

III. Suspension of Employee and Employer OPEB Contributions

Notwithstanding Government Code Sections 22940, 22942, 22943, 22944, 22944.2, 22944.3, and 22944.5, the employees' monthly contribution for prefunding other post-employment benefits for the 2020-21 and 2021-22 fiscal years is suspended and shall not be withheld from employees' salaries beginning on the first day of the pay period following ratification by the union and approval by the Legislature, and ending on June 30, 2022, subject to the suspension provided for in Section II, paragraph E, above. The employer's monthly contribution for prefunding other post-employment benefits will also be suspended in the 2020-21 and 2021-22 fiscal years, subject to the suspension in Section II, paragraph E, above.

IV. Return of Retirement Contribution to Employee Salaries

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The 1 percent of salary redirected from employee compensation pursuant to the July 1, 2019, salary survey toward retirement shall be returned to employees' compensation on July 1, 2023, pursuant to Section 37 Retirement Benefits, subsection F (4).

V. Joint Labor/Management Uniform Committee

The CAHP and the State mutually recognize the importance of the traditional CHP uniform in promoting the professional image of California Highway Patrol Officers to the public they serve.

The parties further mutually recognize that pursuant to Section 68 of the current collective bargaining agreement, the State and the CAHP shall meet to continue to discuss the required uniform of the CHP and the current uniform allowance rates.

Additionally, the State and the CAHP agree to establish a joint labor/management committee to study and make recommendations regarding an alternative uniform for Bargaining Unit 5 members working road patrol duties that does not require regular dry-cleaning services. The parties agree that any alternative uniform must maintain the professional image of the CHP and must be as close as possible in appearance to the current uniform.

The committee shall be comprised of three representatives appointed by the CAHP and three representatives from the CHP's Office of Employee Relations. The committee shall meet as often as necessary. The three appointed CAHP representatives may consult with uniform vendors to seek proposals and sample uniforms for review and inspection by the committee, keeping in mind the importance of a professional image. The Committee shall develop joint recommendations to be submitted to the CHP Commissioner for review and consideration no later than July 1, 2021.

The parties further agree that all uniformed employees are still required to purchase and maintain a "Class A" uniform and that an alternative uniform would not replace the "Class A" uniform.

VI. Duration

This Side Letter amends the current term of the agreement from June 30, 2023, to July 3, 2024. However, if the aforementioned OPEB contributions instead become effective beginning on July 1, 2023, instead of July 1, 2022, then the term of the agreement shall extend through July 3, 2025.

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