



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

August 23, 2016

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 Anthony Rendon
Speaker of the California State Assembly
State Capitol, Room 219
Sacramento, California 95814

The Honorable Chad Mayes
Minority Leader, California State Assembly
State Capitol, Room 3104
Sacramento, California 95814

Re: Tentative Agreement/Memorandum of Understanding (MOU) for the California Attorneys, Administrative Law Judges and Hearing Officers in State Employment, Attorneys and Administrative Law Judges, Bargaining Unit 2

Dear Senators de León and Fuller, and Assembly Members Rendon and Mayes:

The Department of Human Resources (CalHR) reached a new Tentative Agreement/MOU with the California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE), representing Bargaining Unit 2. Upon approval of the Legislature and the Governor and ratification by the membership, this agreement will be effective July 1, 2016 through July 1, 2019.

As with the other agreements reached this year, this 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 2 have agreed to begin to phase-in the prefunding of retiree health care benefits with the goal of each contributing 50 percent of the actuarially determined normal cost by July 1, 2019. In addition, Unit 2 members first hired on or after January 1, 2017, 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 2 members will receive a five percent General Salary Increase (GSI), effective the pay period following ratification, a five percent GSI, effective July 1, 2017, and a four percent GSI, effective July 1, 2018.

In accordance with Government Code sections 3517.5, 19829.5, and Senate Rule 29.4, I am forwarding a copy of this Tentative Agreement/MOU, 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 as well to note them 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/labor-relations/Pages/Unit-02-Attorneys-and-Hearing-Officers.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
Peggy Collins, Joint Legislative Budget Committee
Mac Taylor, Legislative Analyst
Marybel Batjer, Secretary, California Government Operations Agency

ecc:

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

Khaim Morton, Deputy Secretary of Legislation
Governmental Operations Agency

Jason Sisney, Chief Deputy Analyst
Office of the Legislative Analyst

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

Eric Stern, 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

George Wiley, Chief Consultant
Office of the Speaker

Kirk Feely, Budget Director
Senate Republican Fiscal Office

Chantele Denny, Consultant
Senate 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 Appropriations Committee

Pedro Reyes, Chief Consultant
Assembly Appropriations Committee

Luke Reidenbach, Senior Consultant
Assembly Appropriations Committee

Pamela Schneider, Chief Consultant
Senate PE&R Committee

Karon Green, Chief Consultant
Assembly PER&SS Committee

Scott Chavez, Policy Consultant
Senate Republican Caucus

Pam Manwiller, Deputy Director
Labor Relations, 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 2**

**Exclusive Employee Representative:
California Attorneys, Administrative Law Judges and Hearing Officers
In State Employment (CASE)**

Number of Employees: Approximately 3,890 full-time equivalents

General Provisions:

I. Health Benefits

Employer Contribution for Active State Employees

- The state's monthly consolidated benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. For each employee with enrolled family members, the employer shall continue to contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums. The flat dollar amounts shall be adjusted as appropriate pursuant to the formulas on January 1, 2017, January 1, 2018, and January 1, 2019.

Employer Contribution for Future Retirees

- Employees first hired on or after January 1, 2017, will receive an employer contribution for retiree health benefits based on an "80/80" formula. Retirees and their dependents enrolled in a basic health benefit plan will receive an employer contribution equal to 80 percent of the weighted average premium of the four largest basic health benefit plans based on state active employee enrollment. Retirees and their dependents enrolled in a Medicare health benefit plan will receive an employer contribution equal to 80 percent of the weighted average premium of the four largest Medicare health benefit plans based on state retiree enrollment.

Prefunding of Other Post-Employment Benefits

- The state and Bargaining Unit (Unit) 2 members will prefund retiree healthcare with the goal of 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, 0.7 percent of pensionable compensation.
 2. Effective July 1, 2018, an additional 0.6 percent for a total of 1.3 percent of pensionable compensation.

3. Effective July 1, 2019, an additional 0.7 percent for a total of 2.0 percent of pensionable compensation.

Post-Employment Health and Dental Vesting Schedule

- All employees first employed by the state on or after January 1, 2017, will be subject to an extended vesting schedule 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.

Medicare Part B Supplemental Benefit

- All employees first hired on or after January 1, 2017, will no longer be eligible to use the employer contribution for a retiree health benefit plan for Medicare Part B premiums.

II. Compensation

General Salary Increase (GSI)

- Effective the first day of the pay period following ratification, Unit 2 employees shall receive a 5 percent (5%) GSI.
- Effective July 1, 2017, Unit 2 employees shall receive a 5 percent (5%) GSI.
- Effective July 1, 2018, Unit 2 employees shall receive a 4 percent (4%) GSI.

III. Miscellaneous

- Prohibits the implementation of a furlough program or a mandatory Personal Leave Program during the first year of the agreement. Any furlough during the second or third year must be authorized pursuant to an act of the Legislature (Article 9.21).
- Effective May 1, 2017, and depending on the availability of departmental funds, the amount of leave that can be cashed out each year shall increase from 20 hours to 80 hours (Article 9.23).
- Removes the requirement that a new employee must work two years before receiving the full employer health contribution for dependents (Article 11.1).
- Effective the first day of the pay period following ratification, the lodging reimbursement rate shall increase from \$150 to \$250 for San Francisco (Article 12.1).
- Incorporates the Wounded Warriors Transitional Leave Act (Chap. 794, Stat. of 2015), which provides up to 96 hours of additional sick leave for an employee

hired on or after January 1, 2016, who is a military veteran with a service-connected disability rated 30 percent (New Article).

IV. Duration

- July 1, 2016 through July 1, 2019

V. Fiscal

- Fiscal Year 2016-17: \$24.2 million, \$6.6 million General Fund
- Total Incremental: \$109.1 million, \$29.7 million General Fund
- Total Budgetary: \$309 million, \$84.1 million General Fund

VI. Agreement

- The complete Tentative Agreement between the state and CASE is posted at: <http://www.calhr.ca.gov/labor-relations/Pages/Unit-02-Attorneys-and-Hearing-Officers.aspx>