

MEMORANDUM

DATE: May 30, 2000

TO: PERSONNEL MANAGEMENT LIAISONS REFERENCE CODE: 2000-031

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Accounting Officers  
Budget Officers  
Employee Relations Officers  
Personnel Officers  
Personnel Transactions Supervisors

FROM: Department of Personnel Administration  
Marty Morgenstern  
Office of the Director

SUBJECT: Excluded Employee Compensation

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Recently, the State issued PML 2000-029 announcing salary adjustments for several hundred managers and supervisors. In addition to those salary adjustments, I am pleased to announce two other benefits that will be available for all designated managers, supervisors, confidential and specified excluded employees:

1. Effective July 1, 2000, the State will fully fund a leave buy-back program. Managers will be given the opportunity to sell up to 10 days of accumulated leave while, supervisors, confidential and other specified excluded employees will be eligible to sell up to 5 days.



2. The State will establish a 401(k) plan on behalf of every designated manager, supervisor, confidential, and specified excluded employee. The State will make these contributions for Fiscal Year 2000/2001 subject to inclusion of sufficient funds in the Budget Act of 2000. Continuation of the program beyond fiscal 2000-2001 will be subject to the budgetary constraints.

Beginning with the July 2000 pay period, the State will contribute \$100 per month on behalf of each manager and \$50 per month on behalf of each supervisor, confidential, and specified excluded employee. For those employees who do not now have a 401(k) plan account, one will be established. Those employees who have a current account under the State's Savings Plus Program and are making contributions, need not do anything. For the vast majority of employees the State's contributions are not subject to the annual \$10,500 limit. Detailed information will be provided in the future to ensure that employees are fully informed of IRS limitations that may apply.

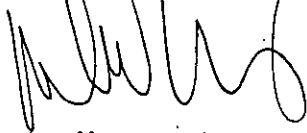
These measures come after over 40 meetings with organizations representing excluded employees. They are intended as a small but, we believe, significant reward for the hard work and dedication of the individuals who comprise the State's management team.

Detailed information will be distributed over the next few weeks. We expect the 401(k) program to be implemented by October with monies being retroactively credited beginning July, 2000. Additional information is also available on the Department of Personnel Administration's web site.



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Should you have questions concerning any of the above, please contact the Department of Personnel Administration, Labor Relations Division at 916-324-0476.

A handwritten signature in black ink, appearing to read 'Marty Morgenstern', written over the printed name below.

Marty Morgenstern  
Director

