EXECUTIVE DEPARTMENT

STATE OF CALIFORNIA

EXECUTIVE ORDER S-15-10

WHEREAS in 1999, the Legislature and prior administration enacted SB 400 to retroactively and prospectively boost pension benefits for all state employees who retired on or after January 1, 2000; and

WHEREAS the current state employee pension formulas have helped create the State's increasing unfunded post-employment liabilities; and

WHEREAS over the last 10 years, pension costs for state employees have increased by more than 2,000 percent; and

WHEREAS in December 2006, Governor Schwarzenegger established the bipartisan Public Employee Post-Employment Benefits Commission (Commission) to develop strategies and make recommendations for addressing post-employment liabilities, including pension and retiree health care; and

WHEREAS to help address the current and continuing budget crisis, it is necessary to reduce the state's obligation to pay for the escalating costs related to public employee pensions and other forms of employee compensation.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, do hereby issue the following orders to become effective immediately:

IT IS HEREBY ORDERED that effective November 1, 2010, the Department of Personnel Administration shall adopt a comprehensive plan to reduce employee compensation for (1) non-represented state employees, including supervisors and managers; (2) non-statutory exempt state employees; and (3) statutory exempt employees.

IT IS FURTHER ORDERED that the employee compensation plan for non-represented, non-statutory exempt, and statutory exempt employees shall include the following reforms:

For all non-represented and non-statutory exempt employees except those affiliated with Bargaining Units 5 and 8:

a) As soon as administratively possible, increase employees' monthly pension contribution by 3% of monthly pay.

b) Employees will be subject to a 12-month Personal Leave Program (PLP) where salaries will be reduced equal to one day of pay per month. Under this program, employees will receive eight hours of personal leave each month. This leave will have no cash-out value and will not adversely affect any health or retirement benefits.

c) During the 12-month PLP period, no furloughs will be imposed.

d) The furlough program in effect since August 2010 will remain in effect through October 2010.

e) Effective July 1, 2013, a new top step will be added to the pay ranges for these classifications that is 3% higher than the current top step. Only employees who reach the top of the pay range will be affected by this change.

f) Provide two days of professional development leave per fiscal year.

g) Support legislation to provide a continuous appropriation of employee compensation through July 1, 2013.

For non-represented and non-statutory exempt employees except those affiliated with Bargaining Units 5 and 8 hired on or after November 1, 2010:

a) Return to pre-SB 400 retirement formulas for Miscellaneous and Industrial (to 2 percent at age 60), State Safety (to 2 percent at age 55), and Peace Officer (to 2.5 percent at age 55) retirement categories.

b) Change the pension benefit formula for employees in the firefighter and peace officer retirement categories from 3 percent at age 50 to 2.5 percent at age 55.

c) Employees hired while the Personal Leave Program (PLP) is in effect will be subject to this program for its duration, reducing their salaries equal to one day of pay per month. Employees affected by this program will receive eight hours of personal leave each month. This leave will have no cash-out value and will not adversely affect any health or retirement benefits.

d) During the PLP period, no furloughs will be imposed.

e) Provide two days of professional development leave per fiscal year.

f) Effective July 1, 2013, a new top step will be added to the pay ranges for these classifications that is 3% higher than the current top step. Only employees who reach the top of the pay range will be affected by this change.

g) Support legislation to provide a continuous appropriation of employee compensation through July 1, 2013.

For statutory exempt employees:

a) As soon as administratively possible, increase all employees' monthly pension contribution by 3% of monthly pay.

b) For employees appointed on or after November 1, 2010, the retirement formulas shall be 2 percent at age 60 for Miscellaneous and Industrial, 2 percent at age 55 for State Safety, 2.5 percent at age 55 for Peace Officer, and 2.5 percent at age 55 for the firefighter and patrol retirement categories.

c) The Director of the Department of Personnel Administration shall reduce the salary of statutory exempt employees by the equivalent of one day of pay per month during the period that the Personal Leave Program (PLP) is in effect.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

I FURTHER DIRECT that as soon as hereafter possible, this Order shall be filed with the Office of the Secretary of State and that widespread publicity and notice be given to this Order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 7th day of October 2010

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:

DEBRA BOWEN
Secretary of State