

**Office of the Director**

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**Governor** Gavin Newsom  
**Secretary, Government Operations Agency** Yolanda Richardson  
**Director** Eraina Ortega

July 1, 2020

Subject: Exempt and Excluded Employee Compensation

Dear Colleagues,

As a result of recent labor negotiations, the state and represented employee organizations have amended a number of existing agreements by side letter and agreed to new successor Memoranda of Understanding (MOUs). Among other changes, these MOUs and side letters reduce employee compensation to achieve the necessary budget savings approved in the 2020-21 Budget Act recently signed by Governor Newsom.

The following compensation adjustments for employees not covered by collective bargaining (exempt and excluded employees) have been approved for the 2020-21 Fiscal Year. In the coming weeks, CalHR will issue a series of pay letters and other communications detailing the salary reduction, leave program, specified salary and pay differential adjustments, and other changes for exempt and excluded employees.

**Personal Leave Program (PLP) 2020**

Effective July 1, 2020, most exempt and excluded employees will receive a salary reduction of 9.23% (equivalent to two days' pay), and will accrue two days of personal leave credit per month. The following exclusions apply:

- Exempt and Excluded employees associated with Bargaining Unit 6 shall receive a salary reduction of 4.62 percent and shall accrue 10 hours of personal leave credit per month.
- Excluded employees tied to Bargaining Unit 8 shall receive a salary reduction of 7.50 percent and shall accrue 14 or 16 hours of personal leave per month. The pay letter will provide details on the accrual rates.

State offices shall not close to implement PLP 2020. For exempt and excluded employees, PLP 2020 leave shall be administered in the same manner as other leave, with priority given to elimination of PLP 2020 leave accumulation. PLP 2020 leave shall not be cashed out except upon separation from state service.

Further instruction about the administration of this leave program will be provided in future communications.

### **Other Post-Employment Benefits (OPEB)**

Effective July 1, 2020, most exempt and excluded employees will have their OPEB contribution suspended for the 2020-21 Fiscal Year. Excluded employees tied to Bargaining Units 12 and 13, will continue prefunding OPEB. However, these employees will receive a pay differential to offset the impact of continuing to prefund OPEB. Further instruction will be provided in a pay letter.

### **General Salary Increases - Suspended**

Effective July 1, 2020, no General Salary Increases will be provided to exempt or excluded employees.

### **Salary Adjustments**

Effective July 1, 2020, special salary adjustments approved in some MOUs will be extended to exempt and excluded employees, where appropriate. Details will be outlined in a pay letter.

### **Minimum Wage**

Effective July 1, 2020, exempt and excluded employees will earn at least \$15 per hour. In addition, some exempt and excluded employees will receive a Special Salary Adjustment to address compaction due to the minimum wage increase.

### **Pay Differentials**

Any changes to pay differentials related to exempt and excluded employees will be outlined in a pay letter.

### **Improving Affordability and Access to Healthcare**

Effective July 1, 2020, all health benefit-eligible exempt and excluded employees associated with SEIU Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and 21, will receive a \$260 taxable cash benefit for the 2020-21 Fiscal Year to improve affordability and access to healthcare. This cash benefit is not compensation for purposes of retirement. These employees will be ineligible for the CoBen cash option during the same period.

Excluded employees tied to bargaining unit 2 who are enrolled in a CalPERS sponsored health plan will continue to be eligible for the \$260 taxable cash benefit for the duration of the 2020-21 Fiscal Year.

### **Vacation/Annual Leave Caps**

Excluded employees tied to Bargaining Units 2, 9, 10 and 19, are eligible to accrue vacation/annual in excess of the 640 hour cap in amounts commensurate with the amount of PLP accrued.

### **Voluntary Personal Leave Program (VPLP)**

All exempt and excluded employees are eligible to opt out of VPLP during the 2020-21 fiscal year. Those excluded employees tied to Bargaining Units 2 and 9 may elect up to three days of VPLP.

### **Summary of Agreements Reached**

Agreements have been reached with State Bargaining Units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, and 21.

Although these MOUs and side letter agreements have been ratified by the Legislature, several are still in the union ratification process.

The MOUs and side letters are published [on the CalHR website](#).

CalHR Labor Relations Division is scheduling training for department labor relations officers on the new agreements. Labor relations officers will be informed of the training dates.

Please refer any questions to the contacts below:

Exempt Payletter: Exempt Unit ([epr@calhr.ca.gov](mailto:epr@calhr.ca.gov))

Excluded Payletter: Personnel Services Branch ([psb@calhr.ca.gov](mailto:psb@calhr.ca.gov))

Health Affordability: Personnel Services Branch ([psb@calhr.ca.gov](mailto:psb@calhr.ca.gov))

Sincerely,

Eraina Ortega  
Director