

2020 CASE Side Letter Agreement FAQs

Q. How do PLPs work?

A. Your gross monthly pay will be reduced by 9.23% - the equivalent of 2 days of pay. In exchange, you get to bank 16 hours of PLP 2020 as a new, separate type of leave. You can use that PLP 2020 leave at any time (as you would vacation/annual leave), in any amount, and in any increment (hours instead of full days as required for vacation/annual leave).

Q. So, my pay is going down 9.23%?

A. No. CASE took steps to mitigate the pay cut. First, the 2% employee contribution to OPEB (retiree health benefits) will be suspended for two years. Second, the \$260 health care subsidy that was set to expire on June 30, 2020, will continue in effect for the duration of the PLPs. This flat dollar amount equates to a different percentage of salary depending on each member's level and classification, but generally mitigates the salary by anywhere from 1.9% to 4%. Third, when healthcare rates increase each January, all Unit 2 members will get the benefit of the 80/20 split for the increase. The Department of Finance estimated this as the equivalent of 0.36% of salary for our Unit. Because Unit 2 members all have different healthcare plans, different numbers of dependents, and are at different salary levels, it is hard to calculate each individual's exact pay cut, but the average for the entire unit is 5.55%.

Q. Do lower and higher paid members get the same salary reduction?

A. No. The reductions are based on a percentage of each person's salary so the dollar amounts will vary. Further, for members in the lower pay ranges, the \$260 healthcare supplement represents as much as a 4% mitigation of the pay cuts. Combined with the 2% mitigation for OPEB and two years of payments for healthcare increases (.72%), **our lowest paid members will only face a 2.51% salary cut.** For those at higher pay levels, the \$260 healthcare supplement may represent only a 1.9% mitigation so their percentage of pay cut will be higher. Nonetheless, under the Side Letter, even **a typical topped out Atty. V will see \$7,716 less cut from their pay compared to having the state impose furloughs.**

Q. How can I use PLPs?

A. PLPs can be banked indefinitely as there is no expiration date, but they only have cash value upon separation/retirement. However, if you elect to use your PLP hours instead of vacation and/or annual leave, it means you will be able to bank more vacation/annual leave hours, which do have cash value either at the time of

separation/retirement, or during May of each year when the State offers leave buyback (funds permitting).

Q. Wait, I already have too much leave and I am being forced to burn my leave. How does this help me?

A. The side letter tries to address this in two ways. First, the 640-hour annual leave/vacation cap will be lifted by 16 hours each month. If the PLPs last the full two years, the cap will go up 384 hours to 1024 hours and will stay at that level for 5 years. This increased cap should help some people who would otherwise be over the cap. Second, the PLP provisions encourage members to use PLP prior to vacation or annual leave. And, the State has acknowledged at the table that the PLP 2020 will necessarily require leave burning plans to be modified. So, our members who are still required to burn leave can burn PLP instead of vacation/annual leave. Since PLP 2020 generally has no cash value, burning it as part of a leave reduction plan is better than being required to burn vacation/annual leave.

Q. How long will the PLPs and accompanying pay reduction last?

A. They could last 2 years, through June 2022. However, if the economy recovers, or if the State receives additional federal assistance, the Department of Finance has discretion to end the PLP 2020 program early.

Q. I am close to retirement. Will the PLPs and the accompanying pay cut lower my pension?

A. No. Your pension will be calculated at your normal salary rate, i.e. the rate prior to PLP pay cuts. Another way to think of the PLP is that it is treated as a non-PERSable pay differential that reduces pay instead of adding pay like regular differentials. Moreover, the PLPs do not change the rate at which you earn seniority, so your years of service will not be impacted.

Q. One of the reasons I came to work for the state was to get some deferral/forgiveness for my student loans. Will PLPs make me ineligible for those programs?

A. No. PLPs do not change your full-time status and should not otherwise impact your eligibility for student loan deferral/forgiveness programs.

Q. I work in a department that was exempted from furloughs last time under the Schwarzenegger administration. Why do I have to be subject to PLPs this time?

A. CASE passed numerous proposals attempting to exempt from PLPs our members at several departments. Those specific departments included:

- State Compensation Insurance Fund
- First 5
- Lottery
- Earthquake Authority
- CalHFA
- CalPIA

The above departments were previously determined to be exempt from furloughs through a court decision or as the result of a settlement of the furlough litigation. Unfortunately, the Administration was unwilling to allow any exemptions. Moreover, the budget trailer bills passed by the Legislature amended Insurance Code 11873 to eliminate the basis for the State Fund exemption. Had CASE not entered into the agreement for PLPs, everyone would have been subjected to non-flexible mandatory furloughs, a full 9.23% pay cut unmitigated by any offsets, loss of the \$260/mo. health care subsidy, and no relief from health care premium increases each January.

Q. Wait a minute. I work at DOJ and was exempt from furloughs under the Schwarzenegger administration. Why do I have to get PLPs?

A. It is true that during the Schwarzenegger administration, furloughs, employees under some constitutional officers were exempted from furloughs, but that was the result of then-Controller John Chiang (himself a constitutional officer) unilaterally deciding to defy Governor Schwarzenegger by refusing to deduct the furlough pay cuts from the pay warrants of employees working under constitutional officers. CASE had no role in that decision and, although we generally supported it because it worked to the benefit of nearly a third of our members, we cannot take any credit for it. Subsequent litigation resulted in an appellate court decision holding that Controller Chiang was wrong to defy the Governor and, based in large part on that decision, we did not seek an exemption for employees of constitutional officers, as there was no legal support for doing so.

Q. I have never received the \$260 health care supplement. How do I get it?

A. The supplement only applies to members who are enrolled in a PERS health care plan as the primary member (not as a dependent). If you are in Flex-Elect or are otherwise not enrolled in a PERS health plan (perhaps because you have coverage through a spouse or partner) then you are ineligible. Many Unit 2 members have elected to switch their health care coverage in order to take advantage of the \$260/month subsidy, but each member needs to evaluate the costs and benefits applicable to their particular circumstances.

Q. Will suspension of the 2% OPEB contribution impact the fiscal health of my retiree health care?

A. No. The State will continue to pay the employer's share. Moreover, the original plan to have employees start paying a portion of the OPEB costs was designed so that the fund would not be fully funded until 2046. The two-year delay in paying the employee share may delay the actual date of full funding but, in the meantime, the State will continue to pay the difference each year as it has been doing for years prior to the point at which employees started putting money into the OPEB fund.

Q. Will my pension contribution be reduced?

A. Yes, virtually all Unit 2 members will see a 0.5% reduction in their employee contribution to PERS starting in July 2022. Because this is a pre-tax adjustment, the actual net increase in take home pay will be slightly less than one-half of a percent.

Q. Will the furloughs affect my ability to receive a merit salary adjustment (MSA) or promotion?

A. No. CASE members will continue to receive any merit salary adjustments or promotions for which they qualify.

Q. Do I get to vote on this deal?

A. Only dues paying Voting Members get to vote. An electronic ballot will be sent out shortly with instructions on how to vote to accept or reject the deal. If you are not a member and wish to gain the right to vote on contracts, vote in CASE elections, get representation during disciplinary actions, and gain access to many other benefits, please submit a membership application to info@calattorneys.org.

Q. Can I review the actual language of the deal?

A. The entire side letter is linked in the voting materials and posted on the CASE website at www.calattorneys.org.