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Governor Gavin Newsom
Secretary, Government Operations Agency Amy Tong
Director Eraina Ortega

June 27, 2024

Subject: Exempt and Excluded Employee Compensation

Dear Colleagues,

The 2024 Budget Act anticipates shortfalls in both the 2024-25 and 2025-26 fiscal years. To achieve a balanced budget, the Budget Act includes significant spending cuts to government operations, reductions to programs, and pauses in new investments. Despite these necessary cuts, reductions, and pauses, the Budget Act maintains implementation of previously negotiated compensation changes for state employees.

The May Revision proposed to eliminate the state employee telework stipend effective July 1, 2024. The Budget Act does not include this proposal and there will be no change to the current telework stipend pay differential ([Pay Differential 453](#)).

The following information concerns previously agreed to salary increases, pay differential adjustments, and Other Post-Employment Benefits (OPEB) contribution rates for exempt and excluded employees, effective July 1, 2024, as well as updates on the CEA and Exempt Programs.

General Salary Increase

CalHR has approved the following General Salary Increases (GSI) and Special Salary Adjustments (SSA) identified for excluded employees tied to bargaining units with a scheduled increase effective July 1, 2024:

Bargaining Unit	General Salary Increase	Special Salary Adjustment
SEIU Excludeds	3%	
2 Excludeds		4.5% at Max
6 Excludeds	3%	
7 Excludeds	2%	
9 Excludeds	2%	
12 Excludeds		4%
13 Excludeds		4%
16 Excludeds	2.5%	
18 Excludeds		4%
19 Excludeds	2.5%	

Excluded employees tied to Bargaining Unit 10, and exempt and excluded employees tied to Bargaining Unit 8 will not receive a GSI at this time. Most exempt employees will receive a three percent GSI effective July 1, 2024.

Specific details, including those excluded and exempt employees who will receive a salary increase other than three percent, will be outlined in pay letters that are forthcoming.

Special Salary Adjustments and Pay Differentials

SSAs and pay differentials approved in some Memoranda of Understanding (MOU) and side letters will be extended to excluded employees, where appropriate. Details will be outlined in the excluded pay letters that are forthcoming.

CEA Program

Most CEAs will receive a three percent GSI, effective July 1, 2024, except for those Peace Officer/Fire Fighter (POFF) CEAs who have been tied to Bargaining Units 7 and 8 as a result of having oversight over Bargaining Unit 7 and 8 POFF classifications. CEAs tied to Bargaining Unit 7 will receive a two percent GSI effective July 1, 2024, and CEAs tied to Bargaining Unit 8 will not immediately receive a GSI.

Please refer to the "Additional Exempt and Excluded Classifications Prefunding OPEB with a Bargaining Unit" document found on the CalHR website for CEA classifications tied to Bargaining Units 7 and 8: [Additional Exempt Excluded Classifications Prefunding OPEB with a Bargaining Unit](#).

Excluded classifications related to Bargaining Unit 2 will receive an SSA to increase the maximum salary of the classification by 4.5 percent. CEAs with oversight of Bargaining Unit 2 classifications will receive the three percent GSI but will not automatically receive the difference between the three percent GSI and the 4.5 percent SSA to the maximum, as in most cases this will not create compaction. Departments with valid delegation agreements who identify compaction impacts resulting from the Bargaining Unit 2 implementation may provide a secondary compaction adjustment to affected incumbents through the CEA Salary Cap Delegation Program. Additional instructions for documenting and reporting these secondary compaction adjustments will be provided directly to your HR offices for handling within the Delegation Program parameters.

Exempt Positions

As noted above, most exempts will receive a three percent GSI, effective July 1, 2024. If your department has an exempt position(s) that may be impacted by compaction as a result of the Bargaining Unit 2 related excluded classifications receiving the 4.5 percent SSA to the maximum salary of the classification, you may submit a request via the standard Exempt Position Request (EPR) process. Refer to the Online HR Manual section 1301 for additional information regarding the process for requesting Exempt salary increases.

The following considerations must be made and documented in your justification memorandum to support the exempt request(s):

- Is the exempt position in your organization required to possess a BAR Licensure and exercise technical duties associated with the licensure?
- What is the compaction percentage between the exempt position and highest paid subordinate? Please provide specific salary information to validate the percentage.
- Please attach the required duty statement and organizational chart to show vertical relationships for the impacted exempt position(s). Organizational charts must contain the full position number, classification title, incumbent name, and all reporting relationships.

If you have questions, the CalHR Exempt Program can be reached at EPR@calhr.ca.gov.

Other Post-Employment Benefits (OPEB)

Exempt and excluded employees directly tied to a bargaining unit will continue to prefund the same percentage as the bargaining unit to which they are tied. This table outlines the contribution rates effective July 1, 2024:

Bargaining Unit	Employee Contribution	Employer Contribution
SEIU (BU 1, 3, 4, 11, 14, 15, 17, 20 and 21)	3.0%	3.0%
2	1.4%	1.4%
5	3.4%	3.4%
6	4.0%	4.0%
7	4.0%	4.0%
8	3.9%	3.9%
9	2.0%	2.0%
10	2.1%	2.1%
12	3.6%	3.6%
13	3.5%	3.5%
16	1.4%	1.4%
18	4.5%	4.5%
19	3.0%	3.0%
Excluded and Exempt employees not directly tied to a BU	2.4%	2.4%

Exempt and excluded employees not directly tied to a bargaining unit, such as many of the employees who have an "E" CBID, will continue to contribute 2.4 percent of pensionable compensation to prefund OPEB.

Please refer to the "Additional Exempt and Excluded Classifications Prefunding OPEB with a Bargaining Unit" document found on the CalHR website for exceptions: [Additional Exempt Excluded Classifications Prefunding OPEB with a Bargaining Unit.](#)

Should you have any questions about OPEB contribution rates, please contact the Benefits Division, at BenefitsInquiries@calhr.ca.gov.

Employer Contribution to Savings Plus

Excluded and exempt employees directly tied to Bargaining Unit 6 will receive a one-time \$475 employer contribution to Savings Plus in November 2024. Beginning January 1, 2025, excluded and exempt employees directly tied to Bargaining Unit 6 will receive a monthly employer contribution to Savings Plus equal to 1 percent of base pay.

Vacation/Annual Leave Caps

The vacation/annual leave caps for excluded employees tied to Bargaining Unit 2 were increased from 640 to 832 effective July 1, 2020. Effective January 1, 2024, the caps reverted to 640 in alignment with the bargaining unit they are tied to.

Summary of Agreements

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

Once the pay letters have been issued, please refer any questions to the contacts below:

Exempt Pay Letter: Exempt Unit (epr@calhr.ca.gov)

Excluded Pay Letter: Personnel Services Branch (psb@calhr.ca.gov)

Sincerely,



Eraina Ortega, Director
California Department of Human Resources