

Office of the Director
1515 S Street, North Building, Suite 500
Sacramento, CA 95811
(916) 909-3318 Fax (916) 322-8376

Governor Gavin Newsom
Secretary, Government Operations **Agency** Nicolas Maduros
Director Eraina Ortega

July 8, 2025

Subject: Exempt and Excluded Employee Compensation

Dear Colleagues,

The 2025 Budget Act anticipates shortfalls in both the 2025-26 and 2026-27 fiscal years. To achieve a balanced budget, the Budget Act includes solutions to solve a \$12 billion deficit in 2025-26. State employee compensation is one of the many budget solutions. Through collective bargaining the state reached agreements to achieve budgetary savings related to employee compensation with 19 of the state's 21 bargaining units. CalHR is currently working with the State Controller's Office to have these employee compensation adjustments programmed into the state payroll system. While many of the adjustments are effective in the July pay period, employees may not see the adjustments in their master payroll warrant for the July pay period.

As many of the recently negotiated agreements are pending ratification, the following information for exempt and excluded employees, for the 2025-26 fiscal year, is preliminary and subject to change if negotiated agreements are not ratified.

The following information concerns salary increases, personal leave program participation, pay differential adjustments, retirement contribution rates, Other Post-Employment Benefits (OPEB) prefunding contribution rates, and vacation and annual leave caps.

General Salary Increase

CalHR has approved the following General Salary Increases (GSI) for excluded employees tied to bargaining units with a scheduled increase effective July 1, 2025:

Bargaining Unit	General Salary Increase
SEIU Excludeds	3%
2 Excludeds	3%
5 Excludeds	4.62%
6 Excludeds	3%
7 Excludeds	2%
9 Excludeds	3%
12 Excludeds	3%
13 Excludeds	3%
19 Excludeds	3%

Excluded employees tied to Bargaining Units 10, 16, and 18, 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, 2025.

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.

Personal Leave Program 2025

Most excluded and exempt employees will participate in the Personal Leave Program (PLP) 2025 based on the bargaining unit they are tied to. The following table outlines the pay reduction and number of monthly PLP hours effective with the July 2025 pay period:

Bargaining Unit	PLP 2025 Reduction	PLP Hours	Duration
SEIU Excludeds	3%	5	7/1/25 – 6/30/27
2 Excludeds	4.62%	8	7/1/25 – 10/31/26
5 Excludeds	4.62%	8	7/1/25 – 6/30/27
6 Excludeds	3%	5	7/1/25 – 6/30/27
7 Excludeds	2%	3.5	7/1/25 – 6/30/27
9 Excludeds	3%	5	7/1/25 – 6/30/27
12 Excludeds	3%	5	7/1/25 – 6/30/27
13 Excludeds	3%	5	7/1/25 – 6/30/27
19 Excludeds	3%	5	7/1/25 – 6/30/27

Excluded employees tied to Bargaining Units 10, 16, and 18, and exempt and excluded employees tied to Bargaining Unit 8 will not be subject to PLP 2025. Most exempt employees will receive a three percent reduction and five hours effective July 1, 2025 through June 30, 2027. Exempt appointees who do not accrue leave will not receive five additional leave hours per month.

CEA Program

Most CEAs will receive a three percent GSI, effective July 1, 2025, except for those Peace Officer/Fire Fighter (POFF) CEAs who are tied to Bargaining Units 6, 7 and 8 as a result of having oversight over Bargaining Unit 6, 7 and 8 POFF classifications. Effective July 1, 2025, CEAs tied to Bargaining Unit 6 will receive a three percent GSI and CEAs tied to Bargaining Unit 7 will receive a two percent GSI. CEAs tied to Bargaining Unit 8 will not immediately receive a GSI.

Most CEAs will participate in the PLP 2025 program with a three percent reduction in pay and the accrual of five PLP 2025 hours per month. CEAs tied to Bargaining Unit 7 will have a two percent reduction and accrue three and one half hours per month. CEAs tied to Bargaining Unit 8 will not be subject to PLP 2025.

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 6, 7 and 8: [Additional Exempt Excluded Classifications Prefunding OPEB with a Bargaining Unit](#).

Pay Differentials

The Telework Stipend pay differential for excluded employees tied to Bargaining Units 2, 9, and 19, sunset on June 30, 2025.

Other pay differentials approved in 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.

Other Post-Employment Benefits (OPEB) Prefunding

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, 2025:

Bargaining Unit	Employee Contribution	Employer Contribution
SEIU (BU 1, 3, 4, 11, 14, 15, 17, 20 and 21)	3.0%	3.0%
2	0.0%	0.0%
5	3.7%	3.7%
6	4.0%	0.0%
7	0.0%	0.0%
8	0.0%	0.0%
9	0.0%	0.0%
10	2.1%	2.1%
12	0.0%	0.0%
13	0.0%	0.0%
16	1.4%	1.4%
18	0.0%	0.0%
19	0.0%	0.0%
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.

Effective July 31, 2025, the contribution rates will be as follows:

Bargaining Unit	Employee Contribution	Employer Contribution
SEIU (BU 1, 3, 4, 11, 14, 15, 17, 20 and 21)	0.0%	0.0%
2	0.0%	0.0%
5	0.0%	0.0%
6	4.0%	0.0%
7	0.0%	0.0%
8	0.0%	0.0%
9	0.0%	0.0%
10	2.1%	2.1%
12	0.0%	0.0%
13	0.0%	0.0%
16	1.4%	1.4%
18	0.0%	0.0%
19	0.0%	0.0%
Excluded and Exempt employees not directly tied to a BU	0.0%	0.0%

Exempt and excluded employees not directly tied to a bargaining unit, such as many of the employees who have an "E" CBID, will not prefund OPEB starting July 31, 2025.

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.

Retirement Contributions

Exempt and excluded employees directly tied to Bargaining Unit 5 will have their employee retirement contribution rates adjusted on July 1, 2025, as follows:

Bargaining Unit 5

The employee contribution rate will increase from 13.5 percent to 14.5 percent for patrol members who are in the Patrol Member Tier A, Patrol Member Tier Band PEPR Retirement Formula.

Vacation/Annual Leave Caps

The vacation/annual leave caps for some excluded employees has increased effective July 1, 2025. The following table outlines the vacation/annual leave caps and duration, for excluded employees:

Bargaining Unit	Vacation/Annual Leave Cap – 7/1/25
SEIU (BU 1, 3, 4, 11, 14, 15, 17, 20 and 21)	760
2	768
5	Increase based on PLP
7	640
8	640
9	832
10	640
12	640
13	640
16	640
18	640
19	760
Excluded and Exempt employees not directly tied to a BU	760

Additional details regarding changes to leave caps will be outlined in the HR Manual Policy update that will be forthcoming

Voluntary Personal Leave Program

Exempt and excluded employees may cancel Voluntary Personal Leave Program enrollment regardless of meeting the minimum time commitment. The request for cancellation must be submitted in the month of July or August and follow departmental process.

Summary of Agreements

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

Once the pay letters have been issued, please refer 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,

A handwritten signature in cursive script, reading "Eraina Ortega".

Eraina Ortega, Director
California Department of Human Resources