

CCPOA

MEMORANDUM

TO: State Board

FROM: Steve Weiss
Chief of Labor

DATE: July 1, 2009

SUBJECT: Furloughs

The Governor's Executive Order S-13-09 declares a State of Emergency due to the Budget Impasse, and beginning in the July 2009 pay period, a third furlough day will be implemented.

Unless a budget solution can be reached in the capitol, the Governor's furlough plans will go forward.

Please continue to monitor ccpoa.org.

**EXECUTIVE ORDER S-13-09
BY THE GOVERNOR OF THE STATE OF CALIFORNIA**

WHEREAS the global recession has caused California's revenues to continue to plummet, leaving our state with an unprecedented budget deficit that forces the State to take drastic actions that will affect every Californian; and

WHEREAS on December 19, 2008, I issued Executive Order S-16-08, in which I ordered the Department of Personnel Administration (DPA) to: (1) initiate the layoff process for state civil service employees effective January 1, 2009 through June 30, 2010; and (2) adopt a plan to implement a furlough of two days per month effective February 1, 2009 to June 30, 2010; and

WHEREAS on January 9, 2009, in order to reduce current spending to ensure that essential services of the State are not jeopardized and the public health and safety is preserved, the DPA adopted a furlough plan; and

WHEREAS on May 15, 2009, state agencies and departments sent out over 4,500 layoff notices to employees funded by the General Fund to further reduce current state spending; and

WHEREAS on May 20, 2009, after the failure of Propositions 1A through 1E, California faced a budget deficit of at least \$21.3 billion for fiscal years 2008-09 and 2009-10; and

WHEREAS California planned to borrow up to \$6 billion through a Reimbursement Warrants (commonly known as RAWs) to address part of the budget deficit, but this short-term borrowing is no longer an available option due to the recent decision of the federal government not to provide financial assistance or loan guarantees for this emergency, short-term borrowing; and

WHEREAS the State's inability to borrow through RAWs will result in more severe spending cuts in the State's programs and services; and

WHEREAS on May 22, 2009, the Legislative Analyst predicted that the Governor's May Revision revenue projections may prove overly optimistic, and instead, projected that the drop in revenues will be at least \$3 billion worse than projected putting the size of the State's shortfall at more than \$24 billion for fiscal years 2008-09 and 2009-10; and

WHEREAS the State Controller has determined that without effective action to address the budget and cash crisis, the State will have insufficient cash to meet its obligations starting July 2009 and will need to issue registered warrants (IOUs) in order to preserve cash and protect payments the State must make to fund education and repay outstanding debt; and

WHEREAS the projected \$24 billion budget deficit will require deeper cuts to state programs and services, additional borrowing from available resources such as special funds, and the release of thousands of prison inmates who are undocumented immigrants; and

WHEREAS on June 30, 2009, the Legislature failed to take action to pass a revised budget for fiscal years 2008-09 and 2009-10 to effectively address the unprecedented statewide fiscal crisis, thereby requiring billions of dollars in additional solutions; and

WHEREAS the State will be forced to eliminate state programs and services providing critical public services, ranging from public safety to health and welfare; and

WHEREAS if the State eliminates any of these critical state programs and services, then the public health and safety will be jeopardized, causing extreme peril to the safety of persons and property; and

WHEREAS immediate and comprehensive action to further reduce current spending must be taken to ensure, to the maximum extent possible, that the essential services of the State are not jeopardized and the public health and safety is preserved; and

WHEREAS an additional furlough day per month is necessary to continue to reduce current spending and immediately improve the State's ability to meet its obligations to pay for essential services of the State, such as services provided by CAL Fire, hospitals and 24-hour care facilities, so as not to jeopardize its residents' health and safety in the current and next fiscal year.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby determine that an emergency pursuant to Government Code section 3516.5 exists and issue this Order to become effective immediately:

IT IS ORDERED that effective July 1, 2009 through June 30, 2010, the Department of Personnel Administration shall adopt an amended plan to implement a furlough of represented state employees for three days per month, regardless of funding source. This plan shall include a limited exemption process.

IT IS FURTHER ORDERED that effective July 1, 2009 through June 30, 2010, the Department of Personnel Administration shall adopt an amended plan to implement an equivalent furlough or salary reduction for all non-represented state employees, including supervisors, managers, and exempt state employees, regardless of funding source.

IT IS FURTHER ORDERED that all state employees covered by the original and amended furlough plans must use their accrued furlough days prior to using vacation, annual leave, personal holiday, holiday credit, personal leave plan (PLP) credit, and compensatory time off (CTO).

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

I FURTHER ORDER that, as soon as hereafter possible, this Order shall be filed in 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 1st day of July, 2009.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:

DEBRA BOWEN
Secretary of State