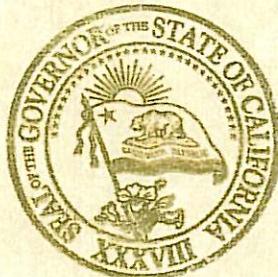

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA



EXECUTIVE ORDER S-12-10

BY THE GOVERNOR OF THE STATE OF CALIFORNIA

WHEREAS, due to continuing weak performance in the California economy and other factors, there is an approximately \$19 billion General Fund deficit for the 2010-11 fiscal year; and

WHEREAS the State has already taken extraordinary measures to conserve cash, such as implementing payment deferrals to schools and other local governments; and

WHEREAS there is no state budget for the 2010-11 fiscal year and a lengthy budget delay is likely; and

WHEREAS the longer it takes to adopt state budget measures to implement needed savings, the more the value of those savings erode, meaning that additional savings will be needed to make up for that lost time and money; and

WHEREAS without a budget in place, the latest cash projections show that California's cash will go into the negative no later than October 2010; and

WHEREAS to ensure that the State meets its payment obligations protected by the California Constitution and federal law, the State Controller has stated that he could be forced to begin issuing registered warrants (IOUs) as early as August 2010; and

WHEREAS the State must start preserving cash beginning in August 2010 to improve the State's ability to meet its obligations to pay for debt services and critical and essential services to protect public health and safety and to make payments protected by the California Constitution and federal law; and

WHEREAS furloughs are necessary to immediately begin saving cash until a budget is in place that includes solutions that will ensure there is sufficient cash for the State to meet its obligations to pay for debt service and critical and essential services to protect public health and safety and make payments protected by the California Constitution and federal law; and

WHEREAS as part of the solutions to close the \$19 billion General Fund deficit, the Governor's May Revise budget proposal included a 15 percent reduction in employee compensation costs for fiscal year 2010-11; and

WHEREAS in order to preserve sufficient cash in the 2010-11 fiscal year without a budget in place, three furlough days per month are necessary to achieve savings in employee compensation for the 2010-11 fiscal year; and

WHEREAS immediate action to 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 a furlough will reduce current spending and immediately improve the State's ability to meet its obligations to pay for essential services and make payments protected by the California Constitution and federal law in the 2010-11 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 August 1, 2010, the Department of Personnel Administration (DPA) shall adopt a plan to implement a furlough of represented state employees and supervisors for three days per month consistent with the terms of this Order.

IT IS FURTHER ORDERED that effective August 1, 2010, the DPA shall adopt a plan to implement an equivalent furlough or salary reduction for all non-represented state employees, including supervisors, managers, and exempt state employees, consistent with the terms of this Order.

IT IS ORDERED that the following state agencies and departments are exempt from this furlough executive order:

California Highway Patrol
California Department of Fire and Forestry Protection (CalFIRE)
Franchise Tax Board
Board of Equalization
Employment Development Department
State Compensation Insurance Fund
California Housing Finance Authority
California Earthquake Authority

IT IS FURTHER ORDERED that the represented employees in Bargaining Units 12, 16, 18 and 19 are exempt from this furlough executive order based on the expectation that the tentative Memoranda of Understanding reached with these Bargaining Units will be ratified by the Bargaining Unit membership and the State Legislature by early August 2010, whereby the employee compensation savings in these agreements will result in immediate cash savings beginning in the August 2010 pay period.

IT IS FURTHER ORDERED that DPA shall adopt a furlough plan that will result in the closing of general government operations on the second, third and fourth Fridays of each month, beginning in August 2010.

IT IS FURTHER ORDERED that effective August 1, 2010, and for the duration of the furlough period, all state agencies and departments subject to furloughs shall take all necessary action to require their employees to take three furlough days within the month.

IT IS FURTHER ORDERED that the furlough period shall end when a 2010-11 fiscal year budget is in place and the Director of the Department of Finance determines that there is sufficient cash to allow the State to meet its obligations to pay for critical and essential services to protect public health and safety and to meet its payment obligations protected by the California Constitution and federal law.

IT IS REQUESTED that other entities of State government, including the California Public Utilities Commission, the University of California, Hastings College of Law, the California State University, California Community Colleges, the Bureau of State Audits, the legislative branch (including the Legislative Counsel Bureau), and judicial branch, implement similar or other mitigation measures to achieve budget and cash savings for the 2010-11 fiscal year.

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 28th day of July, 2010.



ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:

DEBRA BOWEN
Secretary of State