

Date: March 30, 2011
To: Seren Taylor
 Senate Republican Budget Committee
From: Nick Schroeder and Marianne O'Malley
Subject: Fiscal Provisions of Ratified and Proposed MOUs

As we discussed and summarized in the table below, 15 of the state's collective bargaining units have memoranda of understanding (MOUs) that were ratified by the Legislature in 2010. Six other bargaining units are working under expired contracts.

Status of State Employee Collective Bargaining Agreements		
	Percent of Workforce	MOU Ratification Bill
Bargaining Units With New Contracts		
1-Administrative, Financial, and Staff Services	22.1%	AB 1625 (J. Pérez)
3-Educators and Librarians (Institutional)	1.0	AB 1625 (J. Pérez)
4-Office and Allied	12.9	AB 1625 (J. Pérez)
5-Highway Patrol	3.1	SB 846 (Correa)
8-Firefighters	1.9	AB 1592 (Buchanan)
11-Engineering and Scientific Technicians	1.2	AB 1625 (J. Pérez)
12-Craft and Maintenance	4.9	SB 846 (Correa)
14-Printing Trades	0.2	AB 1625 (J. Pérez)
15-Allied Services (Custodial, Food, Laundry)	2.1	AB 1625 (J. Pérez)
16-Physicians, Dentists, and Podiatrists	0.8	AB 1592 (Buchanan)
17-Registered Nurses	2.3	AB 1625 (J. Pérez)
18-Psychiatric Technicians	2.8	SB 846 (Correa)
19-Health and Social Services/Professional	2.3	AB 1592 (Buchanan)
20-Medical and Social Services	1.6	AB 1625 (J. Pérez)
21-Education and Libraries (Noninstitutional)	0.3	AB 1625 (J. Pérez)
Percentage of Workforce With New Contracts	59.6%	
Bargaining Units With Expired Contracts		
2-Attorneys	1.7%	Expired
6-Correctional Peace Officers	13.9	Expired
7-Protective Services and Public Safety	3.1	Expired
9-Professional Engineers	5.1	Expired
10-Professional Scientific	1.2	Expired
13-Stationary Engineer	0.5	Expired
Percentage of Workforce With Expired Contracts	25.4%	
Supervisors and Managers	15.0%	Not Applicable

During our phone call, you asked for:

- A table summarizing the major fiscal provisions of the 15 MOUs that were ratified by the Legislature in 2010 and the four proposed MOUs that were recently transmitted to the Joint Legislative Budget Committee (JLBC) (for Units 2, 7, 9, and 10).
- Comments on the level of savings that the state likely would achieve through MOUs with the six bargaining units working with expired contracts.

Major Provisions of MOUs

Recent Employee Compensation Policies Agreed to Through Collective Bargaining Process					
	Unit 5 (CHP) and Unit 8 (Fire)	Units 12, 16, 18, and 19	SEIU Local 1000	Unit 2 (CASE)	Units 7, 9, and 10
Term of Contract	July 2010 to July 2013	July 2010 to July 2012	July 2010 to July 2013	April 2011 to July 2013	April 2011 to July 2013
Proposals With Savings for State					
Personal Leave Program (one day of unpaid leave per month for first 12 months of MOU, resulting in 4.6 percent pay reduction)	No	Yes	Yes	Yes, except SCIF employees	Yes
Increase in employee pension contributions	2% (CHP) ^a , 4 or 5% (Fire)	5%	3%	3%	2 or 3%
Eliminate two state holidays	Yes	Yes	Yes	Yes	Yes
Proposals With Costs for State					
Pay raise to top step at end of contract	2% (CHP), 4 or 5% (Fire)	5%	3%	4%	2 or 3%
Paid days off each fiscal year (professional or personal development days) ^b	No	2	2	5	2
Increased state contribution to health care	Yes	Yes	Yes	Yes	Yes
Additional hours of leave (with cash value)	No	No	No	Yes, for term of contract	No
<p>^a State savings achieved through funding redirection. No change in employee take-home pay.</p> <p>^b Three of Unit 2's days were provided under the expired MOU, but were limited to actual professional development purposes. Unit 12, 16, 18, and 19's days were implemented administratively and were not included in the MOU that the Legislature ratified.</p>					

Likely 2011-12 State Savings From 2011 MOUs

Control Section 3.90 of the 2011-12 budget—recently approved by the Legislature—assumes that the state will achieve \$515 million (\$308 million General Fund) savings through collective bargaining agreements or administrative actions with the six bargaining units working under expired contracts. The four proposed MOUs that were recently transmitted to the JLBC (Units 2, 7, 9, and 10) reduce the state's Unit 2, 7, 9, and 10 General Fund employee compensation costs by about 3 percent. If the remaining bargaining units' proposed MOUs result in similar levels of savings, we estimate that the state would fall short of its 2011-12 assumed savings by more than \$300 million (over \$200 million General Fund). This, in turn, would place greater pressure on the administration to achieve employee compensation savings through other administrative actions, such as hiring freezes, furlough programs, and layoffs.

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Please feel free to contact either Nick Schroeder (916) 319-8314 or Marianne O'Malley (916) 319-8315 if you have any questions or concerns.