

## **SUMMARY OF AGREEMENT BETWEEN STATE COMPENSATION INSURANCE FUND AND STATE BARGAINING UNITS 1, 4, 14, 15, and 17**

**Number of Employees:** An anticipated 335 represented employees will participate in the Transition Package.

### ***Summary***

This is an addendum to the 2010-2013 Memorandum of Understanding (MOU) between the State and SEIU 1000 (representing State Bargaining Units 1, 4, 14, 15, and 17). The addendum provides transition incentives to employees who are subject to State Fund's upcoming layoff. The purpose of the transition incentives is to encourage affected employees to separate from employment early. State Fund will realize a net savings if the affected employees separate earlier than the normal layoff process. The addendum also provides that State Fund will pay certain relocation costs to employees who are subject to State Fund's upcoming layoff and who were involuntarily relocated earlier this year.

### ***Details of Agreement:***

#### *Cost:*

- Estimated Net Savings: \$7,465,728. These savings are derived from salary and benefits that State Fund will not have to pay to employees who separate early, represented employees' waiver of relocation costs during State Fund's upcoming layoff, and the parties' agreement that the 2012 layoff will not include a "statewide" area of layoff.

#### *Economic Provisions:*

- Eligible employees subject to layoff in 2012, who have seven or more years of state service and separate their employment early, no later than December 31<sup>st</sup>, 2011, will receive six months of wages (at the top step of their classification). These employees will also receive a one-time payment of \$9,000 (equivalent to \$1,500 per month).
- Eligible employees subject to layoff in 2012, who have fewer than seven years of state service and separate their employment early, no later than December 31<sup>st</sup>, 2011, will receive four months of wages (at the top step of their classification). These employees will also receive a one-time payment of \$6,000 (equivalent to \$1,500 per month).
- In recognition of the hardship to employees who were involuntarily relocated (in some cases hundreds of miles) and are now subject to layoff, the employees will have the option to extend their lodging reimbursement and storage costs an additional 30 days (for a total of 120 days). State Fund will pay these employees certain relocation expenses if they move back to their prior area of residence (e.g., relocation of household goods, payment for breaking a lease agreement).
- Employees who voluntarily move in lieu of being laid off next year will not be eligible for relocation expenses.

- The transition incentives cannot be counted for PERS retirement purposes.
- As a result of reaching an agreement with SEIU 1000, State Fund will avoid the potential legal costs of defending its upcoming layoff because both parties agreed that State Fund's upcoming layoff will incorporate, depending on the location, a "county-wide" or "cluster" area of layoff.

*Non-Economic Provisions:*

Employees who accept the transition incentive package waive their State Restriction On Appointments (SROA) eligibility and re-employment rights. The addendum, and other non-economic provisions relating to working conditions and dispute resolution are detailed in the attached agreement.

*Timing to implement this agreement is critical:*

The agreement's anticipated savings requires eligible employees to select the transition incentives by December 15, 2011 and separate from employment no later than December 31, 2011.