

DEPARTMENT OF PERSONNEL ADMINISTRATION

OFFICE OF THE DIRECTOR
1515 "S" STREET, NORTH BUILDING, SUITE 400
SACRAMENTO, CA 95811-7258



June 26, 2012

The Honorable Mark Leno
Chair, Joint Legislative Budget Committee
State Capitol, Room 5100
Sacramento, California 95814

Re: *Tentative Agreement for Bargaining Unit 19, the American Federation of State County and Municipal Employees (AFSCME)*

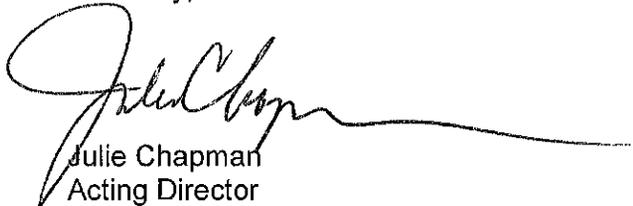
Recently, the Department of Personnel Administration reached a new tentative agreement with the exclusive representative for Bargaining Unit 19, the American Federation of State County and Municipal Employees (AFSCME). AFSCME represents Health and Social Service Professionals in state service. The agreement will be an addendum to the current Memorandum of Understanding. In accordance with Government Code Section 3517.63(b), this addendum is being submitted for the Committee's information.

In an effort to assist the State in achieving 2012-2013 budget savings, BU 19 has agreed to the provision known as the Personal Leave Program of 2012 (PLP 2012). This compensation reduction program is equal to an eight-hour reduction in pay in exchange for a day off each month and shall remain in effect for 12 months. The agreement is effective July 1, 2012, and represents a total savings of approximately \$22.5 million.

The agreement and summary of the provisions are attached and can be found by going to the following link: <http://www.dpa.ca.gov/bargaining/contracts/index.htm>.

If you have any questions, please contact Jodi LeFebre, Legislative Affairs at (916) 323-8490.

Sincerely,



Julie Chapman
Acting Director

Attachments

cc: Members, Joint Legislative Budget Committee
Peggy Collins, Principal Consultant, Joint Legislative Budget Committee
David Lanier, Legislative Deputy, Office of Governor Brown
Mac Taylor, Legislative Analyst, Office of the Legislative Analyst

ecc: Marianne O' Malley, Director Gen. Government Office of the Legislative Analyst	Maureen Ortiz, Consultant Senate Appropriations Committee
Nick Schroeder, Consultant Office of the Legislative Analyst	Geoff Long, Chief Consultant Assembly Appropriations Committee
Richard Gillihan, Asst. Program Budget Manager Department of Finance	Roger Dunstan, Consultant Assembly Appropriations Committee
Craig Cornett, Chief Fiscal Policy Advisor Office of the Pro Tem	Pamela Schneider, Consultant Senate PE&R Committee
Charles Wright, Chief Consultant Office of the Pro Tem	Karon Green, Chief Consultant Assembly PER&SS Committee
Chris Woods, Budget Director Office of the Speaker	Gary Link, Consultant Senate Republican Caucus
Greg Campbell, Chief Consultant Office of the Speaker	Terry Mast, Consultant Assembly Republican Caucus
Seren Taylor, Staff Director Senate Republican Fiscal Office	Alene Shimazu, Chief Fiscal Analysis, DPA
Chantele Denny, Consultant Senate Republican Fiscal Office	Pam Manwiller, Acting Deputy Chief Labor Relations, DPA
Anthony Archie, Consultant Assembly Republican Fiscal Office	Cindie Fonseca, LRO Labor Relations, DPA
Peter Schaafsma, Staff Director Assembly Republican Fiscal Office	
Keely Bosler, Staff Director Senate Budget Committee	
Kris Kuzmich, Consultant Senate Budget Committee	
Christian Griffith, Staff Director Assembly Budget Committee	
Mark Martin, Consultant Assembly Budget Committee	
Bob Franzoia, Staff Director Senate Appropriations Committee	

Department of Personnel Administration
 Bargaining Unit 19
 American Federation of State, County, and Municipal Employees (AFSCME)
 2012 Side Letter Agreement
 (Savings) / Cost
 (Dollars in Thousands)

2012 Side Letter Agreement *			2012-13			2013-14			Total Incremental			Total Budgetary		
CBID	Costing Proposal	Eff Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
R19	Personal Leave Program	7/1/2012	(\$16,525)	(\$6,029)	(\$22,554)				(\$16,525)	(\$6,029)	(\$22,554)	(\$16,525)	(\$6,029)	(\$22,554)
R19	Total		(\$16,525)	(\$6,029)	(\$22,554)	\$	\$	\$	(\$16,525)	(\$6,029)	(\$22,554)	(\$16,525)	(\$6,029)	(\$22,554)

Statutorily and/or Existing Contract Adjustment **			GF	OF	Total	GF	OF	Total	Total Incremental			Total Budgetary		
R19	Health, Dental, and Vision 80/80	1/1/2013	\$1,498	\$547	\$2,044	\$2,563	\$935	\$3,498	\$4,061	\$1,482	\$5,543	\$5,559	\$2,028	\$7,587
R19	Total		\$1,498	\$547	\$2,044	\$2,563	\$935	\$3,498	\$4,061	\$1,482	\$5,543	\$5,559	\$2,028	\$7,587

* Included in the budget as of 2012-13 May Revision.

** These numbers are for informational purposes only. The 2012-13 numbers are included in the current budget. The out-year numbers will be included in future budgets.

2013 Health rates are based on Actuals

2013 dental and vision rates are based on a 0% growth per Benefits

5% SIDE LETTER
AGREEMENT

This agreement is a Side Letter to the current Memorandum of Understanding (contract), entered into by the State of California (State or State Employer) and the American Federation of State, County and Municipal Employees (AFSCME). The purpose of this Side Letter is to assist in effectuating 2012-2013 Budget Savings to State employee compensation, as mandated in the State Budget and related legislation, and to continue to promote harmonious labor relations between the State and the Union.

The State Employer and the Union do hereby agree as follows:

1. **Supersession:** In reaching agreement on this Side Letter, the parties agree and confirm that they have, through negotiation, superseded any and all articles of the parties' contract that are in conflict with the terms and conditions of this Side Letter.
2. **Term:** The Term of this Side Letter Agreement will be effective July 1, 2012 through June 30, 2013.
3. Each full-time employee's monthly pay shall be reduced by 4.62%.
 - a. This reduction shall not affect transfer determinations between state civil service classifications.
 - b. Compensation for purposes of retirement, death, and disability benefits shall not be affected by this reduction and shall be based on the unchanged salary rate.
 - c. Service calculation for purposes of retirement allowances shall be based on the amount of service that would have been credited based on the unchanged salary rate.
 - d. Part-time employees shall be subject to the pay reduction on a pro-rated basis consistent with their time base.
4. Employees will be subject to the Personal Leave Program (PLP) for twelve consecutive months. Each full time employee shall continue to work his/her assigned work schedule. Each full time employee shall be credited with eight (8) hours of PLP on the first day of each pay period commencing July 2012 for twelve (12) consecutive pay periods.

PLP 2012 must be used in the month in which it is earned; PLP 2012 shall be requested and used by the employee in the same manner as vacation or annual leave (Article 9 – Leaves). If the employee has not submitted a PLP 2012 leave request by the 20th of the month in which PLP 2012 is accrued, such time shall be scheduled by his/her supervisor with consideration of the employee's preference. When this is not operationally feasible, PLP 2012 shall be used before any other leave, except sick leave. The terms of this PLP will be subject to the same terms

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as the Article 9.15 Personal Leave Program 2010 in the AFSCME Bargaining Unit 19 MOU.

Alternate PLP Program

Beginning the October 2012 pay period employees may elect to participate in an alternate PLP 2012 accrual program for the remaining nine (9) days of PLP. The election into this must be completed by September 15, 2012 and is irrevocable.

Employees may elect to accrue PLP up to three (3) days per month with corresponding monthly pay reduction for PLP (i.e. three (3) would be a pay reduction of 13.85%). Employees who do not elect into the alternate PLP program will remain in the standard PLP 2012 program at one (1) day per month.

The ~~alternative~~ alternate PLP 2012 accrual program will cease upon the accrual of twelve (12) total days of PLP 2012.

The ~~alternative~~ alternate accrual plan must be conducted within consecutive months beginning of October 2012 (i.e. 3-day accrual for October, November and December totaling twelve (12) days).

5. Employees currently enrolled in the Voluntary Personal Leave Program (VPLP) will have the ability to opt out of VPLP as described in Article 9.14 or during the month of July 2012.
6. The State will approve or deny all PLP consistent with departmental policies on Vacation/Annual Leave.
7. The State will continue to offer VPLP pursuant to Article 9.14 of the MOU.
8. AFSCME, the California Department of Human Resources, the Department of Finance, and the Department of General Services agree to establish a Contracting Out Committee, consistent with Article 18 – Contracting Out of the MOU.

The Union and the State shall each be entitled to select a maximum of four (4) representatives. The Co-Chairs of the Contracting Committee shall be one (1) committee member selected by the Union and one (1) selected by the State. The Union and the State shall select its own representatives. Upon mutual agreement, subject matter experts may be invited to attend the meetings and contribute to the discussions. Committee members and employee subject matter experts shall serve without loss of compensation. The Committee shall meet at least bi-monthly or more often as agreed to by the Committee. The Co-Chairs shall finalize the agenda at least fourteen (14) days in advance of the meeting.

The Committee will ensure that Departments are following the requirements outlined in the AFSCME MOU. The Committee will also make recommendations regarding their

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findings with respect to which contracts may be cancelled or reduced by the State as a budget solution.

This Committee will also explore the creation of an "In-House" Registry of BU19 employees who would be given enjoy priority over outside contractors in performing additional work opportunities offered by the State.

9. Joint Union/Management Benefits Advisory Committee

- a. The parties agree to establish a Joint Benefits Committee for the purpose of evaluating the cost and plan design of the DPA benefits plans, such as, dental and vision insurance. This Committee will also evaluate employee paid plans in the other services offered by the DPA benefits area, such as, legal services, life, and disability. No later than July 30, 2012 the employer agrees to provide comprehensive benefit and enrollee information as detailed below. No later than August 10, 2012 the employer and AFSCME agree to jointly review the cost and plan designs currently provided by the state and identify other plan designs which the parties may obtain through the joint efforts of the Joint Benefits Committee.
- b. If the Joint Benefits Committee finds the cost and plan designs are enhanced by a different vendor, where the cost is lower and the benefit level is higher, the Committee shall develop a plan (which includes rollout and implementation) to switch providers and will jointly make the recommendation to the Administration. If the Administration concurs with the committee recommendation, the new plan shall be implemented pursuant to committee's plan. If net savings are achieved through this committee, the State and AFSCME will discuss how these may be used in negotiations for a successor agreement.
- c. The committee shall be comprised of an equal number of Union and management representatives. The committee shall be co-chaired by a labor and a management member.
- d. Union members on the committee shall serve without loss of compensation. All other expenses shall be the responsibility of each party participating on this committee.

Benefit and Enrollee Information

Vision, Dental, Legal Services and Voluntary Life Data Requirements:

1. Listing of employees (all 2620 members) including:*
 - a. Their home zip codes (for network access purposes)
 - b. Gender
 - c. Age or Date of Birth
 - d. Family Status: Single, Married, Single + Children, Family - If the Dental plan covers employees only, this step can be skipped
 - e. Listing of who is participating in the Voluntary Life program along with their in force coverage amounts per participant

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- f. Listing of who is participating in the Legal Services coverage
- 2. Copy of current plan booklets/employee certificate for all 4 lines of coverage
- 3. Spouse and children eligibility-I can determine this from a copy of each certificate
- 4. Rate confirmation for each of the 4 lines of coverage (including any age-based step-rates for the Voluntary Life coverage)
 - a. A copy of the most recent bill for each line of coverage if available
- 5. Listing of how each program is currently being administered and the costs associated with each. If the current program is self-insured and self-funded, please include the State's administrative and handling costs for each program.

*Employee/2620 Member listing can use employee ID number as the sole identifier. Social Security numbers and names are not needed.

*Subject to the membership vote and ratification

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