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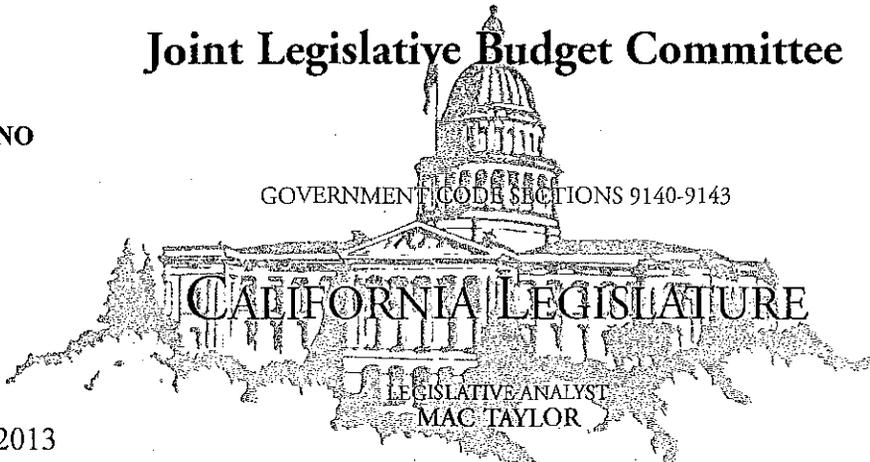
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August 5, 2013

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Ms. Julie Chapman, Director
Department of Human Resources
1515 S Street, North Building, Suite 400
Sacramento, California 95811-7258

Dear Ms. Chapman:

In early July, the Administration submitted to the Legislature addenda to the memoranda of understanding (MOUs) for two of the state's 21 collective bargaining units.

- Bargaining Unit 12 (Craft and Maintenance)—rank-and-file carpenters, electricians, and other tradespeople represented by the International Union of Operating Engineers. The addendum affects Unit 12 employees who work at the Department of Water Resources, State Water Project.
- Bargaining Unit 5 (Highway Patrol)—rank-and-file highway patrol officers represented by the California Association of Highway Patrolmen.

Both of these addenda increase employee compensation and are effective July 1, 2013. The Joint Legislative Budget Committee is required to determine whether MOU addenda require legislative approval.

The CA Department of Human Resources has indicated that it plans to submit the Unit 12 addendum to the Legislature for approval because it requires the expenditure of funds not already approved by the Legislature. I concur with this assessment.

In the case of the Unit 5 agreement, the Administration contends that the Legislature authorized implementation of the salary increase by including provisional language under Item 9800 of the *2013-14 Budget Act* specifying that it may make adjustments to employee compensation costs resulting from "changes pursuant to existing statute." Existing statute authorizes the Administration to negotiate alternate salary increases for Unit 5. However, the Unit 5 addendum would also increase the amount of money employees may receive as reimbursement for specified expenses incurred while traveling on state business, and this component of the agreement has not been approved by the Legislature.

Ms. Julie Chapman

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July 31, 2013

Accordingly, I recommend that you submit the agreement with Bargaining Unit 12 and the travel reimbursement portion of the agreement with Bargaining Unit 5 to the Legislature for approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Leno". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Leno
Chair

cc: Members of the Joint Legislative Budget Committee
Ana J. Matosantos, Director of Finance