

CALIFORNIA DEPARTMENT OF HUMAN RESOURCES SUMMARY OF SIDE LETTER AGREEMENT FOR BARGAINING UNITS 1, 3, 4, 11, 14, 15, 17, 20, AND 21

**Exclusive Employee Representative:
Service Employees International Union (SEIU) Local 1000**

Number of Employees: Approximately 100,254 full-time equivalents

General Provisions

I. Post-Employment Benefits

Prefunding of Postretirement Health Benefits

- Employees are currently contributing 2.3 percent towards the prefunding of post-retirement health benefits. Effective July 1, 2020, employees would have been contributing 3.5% toward the prefunding of post-retirement health benefits. Effective July 1, 2020, through the June 2022 pay period, the employees' monthly contribution for prefunding other post-employment benefits is suspended for the 2020-21 and 2021-22 fiscal years, and will not be withheld from the employees' salaries (Article 9.24).

II. Compensation

Personal Leave Program (PLP 2020)

- Effective with the July 2020 pay period through the June 2022 pay period, the Personal Leave Program (PLP 2020) will apply to all SEIU Local 1000 represented employees. Employees continue to work their assigned work schedules and shall have a reduction in pay equal to 9.23 percent.

Each full-time employee shall be credited with sixteen (16) hours of PLP 2020 on the first day of each pay period for the duration of the PLP 2020 program. The accrual rates for Bargaining Unit 3 employees working an academic year will be adjusted accordingly.

PLP 2020 may not be cashed out, except as permitted in very limited circumstances (e.g., separation from state service). PLP 2020 leave shall not be considered as "time worked" for overtime purposes except when an employee is mandated to work overtime. (New Article)

- The State shall not seek additional employee compensation reductions from SEIU Local 1000 represented employees through June 30, 2023 (New Article).

General Salary Increase (GSI)

- The existing MOU contains a 2.5 percent GSI effective July 1, 2020. This GSI is suspended and deferred until July 1, 2022 (see contract reopener language below) (Article 11.1).

Minimum Wage

- The existing MOU contains a minimum hourly rate increase to \$15 for all SEIU Local 1000 represented employees effective July 31, 2020 (Article 11.1.X). This agreement modifies the MOU to change the effective date to July 1, 2020, and includes the provision that no SEIU Local 1000 represented employee shall make less than \$15/hour as a result of the implementation of PLP 2020 (New Article).
- The existing MOU contains a Special Salary Adjustment (SSA) for specific classifications addressing minimum wage compaction for various classifications effective on July 31, 2020 (Article 11.x). This agreement modifies the MOU to change the effective date to July 1, 2020, and modifies the amount of the SSA due to the suspension of the scheduled GSI (New Article).

Improving Affordability and Access to HealthCare

- The existing MOU contains a \$260 monthly payment for SEIU Local 1000 represented employees enrolled in a CalPERS health plan effective July 1, 2020. This provision is suspended until June 30, 2022, and the following provisions apply (Article 11.1.X):
 - Effective July 1, 2020 through June 30, 2022, all health benefits-eligible SEIU Local 1000 represented employees will receive a monthly payment of \$260 and will be ineligible for the Flex-Elect Benefit Plan cash option.
 - The Flex-Elect Benefit Plan cash option shall be reinstated July 1, 2022. For those eligible, enrollment for the Flex-Elect Benefit Plan will occur on April 1, 2022.

III. Miscellaneous

Contract Reopener Language – Elimination of Pay Decreases and Suspensions

- The determination of sufficient funding to restore the reductions relative to this Side Letter shall be at the sole discretion of the Director of the Department of Finance if either of the following circumstances occur:
 - If the Director of the Department of Finance, as a result of appropriate federal legislation providing additional funding to the state to address the impacts of the COVID-19 Recession, elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced.
 - If the Director of the Department of Finance, as a result of state revenue becoming sufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the cost of providing the various pay items that have been suspended or reduced as a result of the COVID-19 Recession, elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced.
- In the event the Director of the Department of Finance elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced by operation of this Side Letter, the State shall provide notice to the

Union and shall meet and confer with the Union upon request regarding the impact of that determination.

- In the event that the Director of the Department of Finance does not restore, at their sole discretion, Article 11.1 Salaries, the GSI of 2.5 percent shall become effective on July 1, 2022. If the Governor and Legislature do not draw funds from the rainy day fund to cover revenue shortfalls, the PLP 2020 in fiscal year 2021-22 will be discontinued.

Cost Savings Task Force

- Establish a joint Cost Savings Task Force to discuss, identify, and recommend cost savings solutions. The task force shall endeavor to find cost savings sufficient to fund the GSI scheduled for July 1, 2021. If cost savings are not mutually agreed upon before March 30, 2021, the GSI shall be deferred through June 30, 2022. The cost savings must be in addition to the efficiency and cost savings measures already assumed in the 2021-22 Governor's Budget. (New Article)

Telework

- Commitment to work together to transform state government by expanding teleworking and that the use of telework will not result in layoffs. (New Article)

Dispute Resolution Process

- Any grievances concerning the terms of this Side Letter shall be initiated in accordance with the current MOU (Article 6.9).
- The mini-arbitration process shall be the exclusive means to resolve any disputes concerning the Side Letter (Article 6.14).

IV. Fiscal

- Fiscal Year 2020-21 Savings: \$782.2 million (\$352.9 million General Fund)
- Total 2-Year Incremental Savings: \$782.2 million (\$352.9 million General Fund)
- Total 2-Year Budgetary Savings: \$1,564.3 million (\$705.8 million General Fund)

V. Agreement

- This Side Letter Agreement represents negotiated reductions in employee compensation.
- The Side Letter Agreement between the state and SEIU Local 1000 is posted at: [Contracts Section on CalHR Website.](#)