

STATE PROPOSAL

COVID-19 PANDEMIC RECESSION SIDE LETTER

The COVID-19 Pandemic Recession requires a 9.23% savings in BU 13 employee compensation in order to balance the state budget. The parties have negotiated the following savings measures which comprise the required 9.23%.

I. Personal Leave Program 2020

Employees will be subject to the Personal Leave Program 2020 (PLP 2020) in the manner outlined below.

- A. Effective with the first pay period following ratification, each full time employee will be compensated 7 hours PLP 2020, the hourly equivalent of the 3.9% employee OPEB contribution, for each month the employee was subject to the Furlough Program that took effect in accordance with Government Code section 19849 and continued to have their employee OPEB contributions withheld.
- B. Effective the August 2020 pay period and upon ratification through the June 2022 pay period, each full-time employee shall continue to work their assigned work schedule and shall have a reduction in pay equal to 9.23%.
- C. Each full-time employee shall be credited with 16 hours of PLP 2020 on the first day of each pay period for the duration of the PLP 2020 program.
- D. Salary rates and salary ranges shall remain unchanged.
- E. Employees will be given discretion to use PLP 2020 subject to operational considerations.
 - 1. PLP 2020 time must be used before any other leave with the exception of Sick Leave and Professional Development Days.
 - 2. Employees may elect to use PLP 2020 in lieu of approved sick leave.
 - 3. PLP 2020 shall be requested and used by the employee in the same manner as Vacation/Annual Leave.
 - 4. Subject to the above, requests for use of PLP 2020 leave must be submitted in accordance with departmental policies on Vacation/Annual Leave.

5. PLP 2020 accruals do not expire.
- F. PLP 2020 may be cashed out upon separation from state service.
- G. PLP 2020 leave shall not be considered as "time worked," except when an employee is "mandated" to work overtime, for the purpose of determining the number of hours in a work week.
- H. A State employee shall be entitled to the same level of State employer contributions for health, vision, dental, flex-elect cash option, and enhanced survivor's benefits they would have received had the PLP 2020 not occurred.
- I. PLP 2020 shall not cause a break in State service, nor a reduction in the employee's accumulation of service credit for the purposes of seniority and retirement. PLP 2020 does not affect other leave accumulations, or service towards a merit salary adjustment.
- J. PLP 2020 shall neither affect the employee's final compensation used in calculating State retirement benefits nor reduce the level of State death or disability benefits to supplement those benefits with paid leave.
- K. The PLP 2020 reductions shall not affect transfer determinations between state civil service classifications.
- L. Part-time employees shall be subject to the same conditions as stated above, on a pro-rated basis. Pro-ration shall be determined based on the employee's time base in the same manner as Sick Leave.
- M. PLP 2020 for permanent intermittent employees shall be pro-rated based upon the number of hours worked in the monthly pay period, pursuant to the chart in Section Q below.
- N. PLP 2020 shall be administered consistent with the existing payroll system and the policies and practices of the State Controller's Office.
- O. Employees on SDI, NDI, ENDI, IDL, EIDL, or Workers' Compensation for the entire monthly pay period shall be excluded from PLP 2020 for that month.
- P. Seasonal and temporary employees are not subject to PLP 2020.
- Q. All Permanent Intermittent employees shall be subject to the pro-ration of salary and PLP 2020 credits pursuant to the chart below:

<u>Hours Worked During Credit Pay Period</u>	<u>PLP 2020</u>
<u>0-10.9</u>	<u>0</u>
<u>11-30.9</u>	<u>2</u>
<u>31-50.9</u>	<u>4</u>
<u>51-70.9</u>	<u>6</u>
<u>71-90.9</u>	<u>8</u>
<u>91-110.9</u>	<u>10</u>
<u>111-130.9</u>	<u>12</u>
<u>131-150.9</u>	<u>14</u>
<u>151 or over</u>	<u>16</u>

R. Disputes regarding the denial of the use of PLP 2020 time may be appealed through the grievance procedure. The decision by the Department of Human Resources shall be final and there may be no further appeals.

S. The State shall not seek additional employee compensation reductions from BU -13 represented employees during the term of PLP 2020.

II. Contract Reopener Language

A. Due to the significant economic impacts of the COVID-19 Recession, in accordance with Section 3517.6 of the Government Code, notwithstanding any other provision of law, the following economic provisions of the existing memorandum of understanding (MOU), which require the expenditure of funds for increased salaries, wages, and other compensation that were to become effective at any point during the 2020-21 fiscal year, are hereby suspended or deferred consistent with this Side Letter as ratified by the union and approved by the Legislature:

- The July 1, 2020, 3 percent adjustment to increase the maximum of the salary range identified in Article 16.1 Salaries is deferred as provided herein.
- The July 1, 2021, 2.75 percent adjustment to increase the maximum of the salary range identified in Article 16.1 Salaries is deferred as provided herein.
- The employee share of Prefunding of Postretirement Health Benefits (OPEB) provided for in Article 10.11 is suspended.

B. The remainder of the MOU, including economic terms of the agreement not specifically related to the various pay items listed in paragraph A, such as the

amount necessary for the payment of compensation and employee benefits that were in effect prior to the 2020-21 fiscal year, shall continue in full effect, subject to the reductions agreed to in this Side Letter. Notwithstanding any other provisions of law, this MOU represents the only entitlement to payment of compensation and employee benefits.

C. The determination of sufficient funding 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:

1. 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.
2. 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.

D. 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.

E. In the event that neither of the circumstances in paragraph C occur and/or the Director of the Department of Finance does not restore, at their sole discretion, Article 16.1 Salaries, for both the July 1, 2020, 3%, and July 1, 2021, 2.75% adjustment to increase the maximum of the salary range shall become effective two years later on July 1, 2022, and July 1, 2023, respectively. However, if projected state revenues at the 2022-23 May Revision to the Governor's Budget continue to be insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned pay increases to all eligible employees, the July 1, 2020, of 3%, shall become effective on July 1, 2023. Determination of funding availability relative to this section shall be at the sole discretion of the Director of the Department of Finance.

F. No provision of this Article shall be subject to the grievance and arbitration procedure; this Article is specifically not subject to arbitration.

III. Suspension of Employee Portion of OPEB

Notwithstanding Government Code Sections 22940, 22942, 22943, 22944, 22944.2, 22944.3, and 22944.5, the employees' monthly contribution for prefunding other post-employment benefits for the 2020-21 and 2021-22 fiscal years is suspended and shall not be withheld from employees' salaries beginning the August 2020 pay period and following full ratification by the union and approval by the Legislature, and ending on June 30, 2022. The employer's monthly contribution for prefunding other post-employment benefits will continue in the 2020-21 and 2021-22 fiscal years.

Union
TA's
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