

CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

SUMMARY OF SIDE LETTER AGREEMENT

FOR BARGAINING UNIT 13

**Exclusive Employee Representative:
International Union of Operating Engineers (IUOE)**

Number of Employees: Approximately 1,019 full-time equivalents

General Provisions

I. Health Benefits

Prefunding of Other Post-Employment Benefits

- Employees are currently contributing 3.9 percent towards the prefunding of post-retirement health benefits. Effective the first day of the pay period following ratification through the June 2022 pay period, the employees' monthly contribution for prefunding other post-employment benefits will be suspended for the 2020-21 and 2021-22 fiscal years, and will not be withheld from employees' salaries (Article 10.11).

II. Compensation

Personal Leave Program (PLP 2020)

- Following ratification through the June 2022 pay period, PLP 2020 will apply to all IUOE-represented employees. Employees continue to work their assigned work schedules and shall have a reduction in pay equal to 9.23 percent.

Effective the August 2020 pay period and full ratification, each full-time employee will be compensated 7 hours PLP 2020, the hourly equivalent of the 3.9 percent 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.

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. PLP 2020 accruals do not expire. PLP 2020 may be cashed out upon 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 compensation reductions from BU 13 represented employees during the term of the PLP 2020 (New Article).

Salaries

- The existing MOU contains a 3 percent increase to the maximum salary range effective July 1, 2020, and a 2.75 percent increase to the maximum salary range effective July 1, 2021. These salary increases are deferred until July 1, 2022, and July 1, 2023, respectively (see contract reopener language below) (Article 16.1).

III. Miscellaneous

Contract Reopener Language – Elimination of Pay Decreases and Suspensions

- The determination of sufficient funding to restore the reductions 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 pay 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, 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 neither of the circumstances occur and/or the Director of the Department of Finance does not restore, at their sole discretion, Article 16.1 Salaries, both the July 1, 2020, 3 percent increase to the maximum salary range, and July 1, 2021, 2.75 percent increase to the maximum 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 pay increases to all eligible employees, the July 1, 2020, 3 percent increase to the maximum salary range shall become effective three years on July 1, 2023. Determination of funding availability shall be at the sole discretion of the Director of the Department of Finance. (New Article)
- No provision of this Article shall be subject to the grievance and arbitration procedure (New Article).

IV. Term

- July 1, 2020, through June 30, 2022

V. Fiscal

- Fiscal Year 2020-21 savings: \$10 million (\$6.9 million General Fund)
- Total 2-Year Incremental savings: \$10.9 million (\$7.5 million General Fund)
- Total 2-Year Budgetary savings: \$20.9 million (\$14.4 million General Fund)

VI. Agreement

- This Side Letter Agreement includes negotiated reductions in employee compensation.
- The Side Letter Agreement between the state and IUOE is posted on the [CalHR Bargaining Unit 13 Contract Webpage](#).