

**DEPARTMENT OF PERSONNEL ADMINISTRATION  
SUMMARY OF COLLECTIVE BARGAINING AGREEMENT  
FOR BARGAINING UNIT12 (BU 12)  
2010-2012 MEMORANDUM OF UNDERSTANDING**

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

**Number of Employees:** Approximately 11,630 full-time equivalents

**I. Retirement**

***Benefit Formula Calculation***

- Effective with the pay period following legislative enactment, Bargaining Unit 12 (BU 12) Miscellaneous and Industrial First Tier retirement members, first employed by the state, will be subject to the “New 2010 First Tier Retirement Formula” of 2% at age 60 (from current 2% at 55).
- Effective with the pay period following legislative enactment, BU 12 State Safety retirement members, first employed by the state, will be subject to the “New 2010 First Tier Retirement Formula” of 2% at age 55 (from current 2.5% at 55).

***Employee Pension Contribution***

- Effective with the pay period following legislative enactment, BU 12 Miscellaneous and Industrial members in the First Tier retirement category shall have their contribution increased from 5% to 10% of monthly compensation over \$513.
- Effective with the pay period following legislative enactment, BU 12 State Safety retirement members shall have their contribution increased from 6% to 11% of monthly compensation over \$317.

***CalPERS Transparency***

- To ensure the sustained funding and solvency of the retirement system, IUOE agrees that it will not oppose legislation that requires CalPERS to use supportable assumptions and data that will be evaluated by another party who is agreeable to DPA and IUOE.

**II. Compensation**

***Adjusted Pay Ranges***

- Effective January 1, 2012 all BU 12 represented classifications shall be adjusted by increasing the maximum step of the pay range by 5%. This only applies to BU 12 employees who reach the top step of the pay range.

***Personal Leave Program (PLP 2010)***

- Effective with the beginning of the first pay period following legislative enactment, the Personal Leave Program (PLP 2010) will apply to BU 12 employees. This program shall remain in effect for twelve months.

### **III. Health Benefits**

#### ***Employer Contribution***

- Effective upon legislative enactment, the State's monthly contribution to the health insurance portion will be set at a dollar amount that equals the "80/80 formula",<sup>1</sup>: \$393 for 1-party, \$787 for 2-party, and \$1024 for family coverage.
- Effective January 1, 2011, the State will raise its contribution so the dollar amount continues to equal the 80/80 formula of other employees in the 80/80 formula.

#### ***Other Postretirement Employment Benefits***

- Beginning July 1, 2012 employees in BU 12 shall contribute .5% of base salary towards the prefunding of retiree health benefits.

#### ***Pre-funding of Retiree Health Benefits***

- The portion of the employer contribution toward post retirement health benefits will be based on credited years of service at retirement (i.e., Health Benefit Vesting). State employees in BU 12, employed by the state on or after January 1, 2011, shall participate in Health Benefit Vesting. Employees with 15 years of State service shall be eligible for 50% of employer contribution towards health benefits and employees who have 25 years of State service shall have 100% of employer contributions towards health benefits.

### **IV Miscellaneous**

- The State and IUOE agree to present to the Legislature, as part of the legislation implementing this Memorandum of Understanding (MOU), a provision to appropriate funds to cover the economic terms of this agreement through July 1, 2012.
- The State and IUOE agreed to delete Lincoln and Columbus Day as recognized holidays.
- Employees that work on January 1<sup>st</sup>, the last Monday in May, July 4<sup>th</sup>, the first Monday in September, Thanksgiving Day or Christmas shall receive one and one-half times the employee's regular rate of pay for each hour worked on the holiday.

### **V. Duration**

- July 1, 2010, through July 1, 2012

### **VI. Agreement**

- The complete Tentative Agreement between the State and IUOE is posted at:

<http://www.dpa.ca.gov/bargaining/contracts/index.htm>

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<sup>1</sup> Under this formula, the employer contribution for single-party coverage is 80 percent of that year's weighted average premium of the four plans with the highest employee enrollment (80 percent for dependent coverage).