

Julie Chapman, DPA Deputy Director of Labor Relations, conveyed some good news to ACSS members today: The permanent 5 percent pay cut is off the bargaining table.

Members of the ACSS board and staff met with Chapman and Labor Relations Officer Randy Fisher for a meet and confer on the governor's budget proposals.

The proposal DPA is putting forth has dropped the pay cut but still contains three other 5 percent cuts – an additional 5 percent contribution to the retirement plan, a reduction of one day's pay each month in exchange for a leave day, and an additional 5 percent cap on the workforce budget (which would not affect worker salaries).

ACSS asked that the additional retirement contribution apply only to new hires.

The PLP would be in effect only for the 2010-2011 fiscal year for 12 total days of leave. Employees could use the leave, with pay, any time before they retire or to extend their retirement date. However, they could not cash out the value of the leave. As they take leave, they would be expected to use their banked furlough days first, then their PLP days before using other accrued leave.

ACSS asked that PLP days for excluded employees do not have an expiration date.

The 5 percent workforce cap is in addition to a 5 percent cap that was put in place when the state did not receive the federal money it applied for. A few agencies, such as the Franchise Tax Board, will be exempt from this additional cut, Chapman said, and most departments are expected to achieve the savings without layoffs.

The 5 percent retirement contribution must be passed by the Legislature. The PLP requires only an executive order, and the workforce cap would probably be enacted with trailer legislation on a budget bill, Chapman said.

DPA also discussed briefly the suggestion that the state develop a two-tier retirement system, with new employees receiving a scaled-back plan. The changes would not affect current employees.

To help mitigate the 5 percent retirement contribution, Chapman said, DPA is looking at adding a 5 percent step increase at the top of each salary range. If it is approved, the new salary grid would take effect between January and July 2012.

ACSS made clear that our organization has not yet taken a stand on the two-tier retirement system. We did ask that any new retirement plan be phased in for

excluded employees and that salary scales be expanded first for excluded employees.

The cuts, Fisher said, “aren’t saying we don’t value state workers – we do. It’s an issue of saying we have a significant problem with the budget and the administration is dealing with it. We don’t have an option of running another \$20 billion deficit.”

“We’re not pushing people out the door,” he added. Nevertheless, retirements from state service increased 40 percent over the last year, Chapman said.

Budget negotiations and bargaining are still ongoing, and the proposals could, and probably will, be modified. However, in this grim budget year, we have received a bit of news that may be optimistic.