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California employee union OKs pact that cuts costs by \$400 million

By JON ORTIZ / McClatchy Newspapers

SACRAMENTO, Calif. -- California's largest state employee union announced on Tuesday that its members ratified a new labor agreement that cuts the state's labor cost by nearly \$400 million this year.

The deal accepted by Service Employees International Union Local 1000 cuts state pension costs, trims paid holidays and accepts unpaid days off.

But the ramifications go beyond the 95,000 workers covered by the contract, experts said, by pushing other state and local public sector unions to accept similar concessions.

"Given that the biggest and one of the most aggressive unions that the state negotiates with has accepted cuts, this sets a standard that others will be pressured to match," said Michael Shires, a Pepperdine University political scientist. "I suspect local governments will try for these same kinds of deals."

Local 1000 said that 76 percent of ballots cast by dues-paying members supported the agreement with the outgoing Schwarzenegger administration. The union didn't release raw ballot numbers.

The contract took effect immediately upon ratification and expires July 1, 2013.

"I've always said, 'Trust the members,'" Local 1000 President Yvonne Walker said in a telephone interview shortly after the union announced the voting results.

While some unions have refused so far to accept contracts with the kind of concessions in the SEIU pact, Walker said the contract was the best deal to be had, especially given the state's continued financial problems. Holding out, she said, would only weaken the SEIU's bargaining position as the state continued to bleed red ink.

"This gives our members stability and security," Walker said, "especially after 20 months of furloughs."

Still, the deal angered some state workers who believed it gave away too much.

The SEIU pact accepts 12 unpaid days off over the next 12 months on top of the nine furlough days imposed on employees from August through October of this year. The contract also increases the percentage of wages that employees contribute to their retirement from 5 percent to 8 percent. It also sets lower pension benefit formulas for new hires.

Ira Eisenberg, an EDD employee and SEIU Local 1000 steward, was a vocal opponent of the agreement. He said the union is too large and too diverse to represent all employees well. On Tuesday he sounded resigned to the ratification vote outcome.

"If it was an honest count, given the reality of our situation, we have to accept it," Eisenberg said.

Gov. Arnold Schwarzenegger has made compensation cuts a condition of any new labor contract. So far seven unions have accepted contracts with similar pension changes over the summer and four of those deals include unpaid time off.

Six other unions representing about 63,000 workers are still without new contracts, refusing to give in to Schwarzenegger's baseline conditions. Schwarzenegger, by legislative fiat, is furloughing those employees three days per month.

On the upside, the SEIU contract avoids furloughs for at least one year, shields employees from minimum wage in the event of a state budget impasse and eventually gives a raise to employees on the top step. The agreement adds two floating "professional development days," to be used at the employee's discretion, in return for eliminating Lincoln's Birthday and Columbus Day and paid holidays.

The Legislature passed the contract last month and the governor signed it as a "trailer bill" to the 2010-11 budget bill enacted last month.

The state estimates the agreement saves more than \$386 million this year, about \$164 million of that from the state's general fund.