

# INTERNATIONAL UNION OF OPERATING ENGINEERS

Craft-Maintenance Division State of California Unit 12  
Locals 3, 39 & 501, AFL-CIO

Unit 12 and 13 Members,

Yesterday, Governor Newsom addressed the State concerning the May revision of the State budget which included a \$54 billion deficit. The Governor is proposing several cuts to various programs and departments and a 10% pay reduction to all State employees' salaries beginning with the Governor and his staff. This reduction is proposed to be done via two furlough days per month for a 12-month period. The State has reached out to all Unions, including IUOE to participate in negotiations regarding the proposed furlough plan. We anticipate beginning these negotiations in the near future as a State budget must be in place by July 1<sup>st</sup>. During these negotiations we will present any options we believe to be feasible to address the State's financial issues in lieu of furloughs. The goal is to attempt to find other means of cost reductions which may reduce the need for employee furloughs. The Union requested that any furlough plan include trigger language which would require the Union and the State to meet and reassess the need for the current reduction plan in the event the State receives any substantial Federal stimulus monies to address the budget deficit.

As we have anticipated, this issue due to the budget shortfall which is greater than the budget shortfall of 2007-2010 by approximately \$14 billion, IUOE has submitted a proposal to the State for a Golden Handshake retirement incentive. Our Golden Handshake proposal, if accepted as written, would give an employee two extra years of service credit and two years added to their age. This proposal was drafted and submitted in an effort to give the State an additional expense reduction tool. As employees retire, the State would no longer bare the financial responsibility of paying their salaries which would result in an overall cost savings. The IUOE has also requested that the CEBRT/OPEB deduction from our members' paychecks be suspended for the duration of the implemented furlough period, therefore reducing the actual impact to the employees' checks. We will also be proposing that the State provide some relief to our members on their ever-increasing health care costs.

The Governor also announced that he is going to close two State prisons and consolidate a number of the Fire camps. He has yet to announce which prisons or fire camps will be closed.

As of now none of these changes are scheduled to take place before the fiscal year which begins July 1, 2020. We will provide more information as it is gathered.

**UNION STRONG!**

Steve Crouch

Director of Public Employees, and Chief Negotiator for IUOE Unit 12 and IUOE Unit 13