



INFORMER

#7, August 2018

Professional Engineers in California Government

PECG REACHES AGREEMENT ON NEW MOU Deal Includes Pay Raises, "Experience Compensation," and Geographic Pay

Your PECG Bargaining Team and CalHR, representing the Governor, have reached agreement on the new Memorandum of Understanding (MOU) for Bargaining Unit 9. The new MOU features **pay raises of 4.5% retroactive to July 1, 2018 and 4% on July 1, 2019** for all Unit 9 employees.

The MOU includes two groundbreaking features which have been long sought:

- **Experience Compensation.** To recognize the added value that long-time engineers and other professionals bring to the state, employees with **20 or more years of state service will receive additional salary differentials beginning on July 1, 2018.** For details, please see the chart on the next page.
- **Geographic Pay.** Currently, all employees in a classification receive the same salary regardless of their work location, even though the cost-of-living in some areas is much higher than others. This MOU provides an important first step in addressing that problem. Employees who work in any of the five counties – Alameda, Marin, San Francisco, San Mateo, and Santa Clara – with the highest median home prices will **receive an additional \$250 per month effective July 1, 2018.**

This is the first time that CalHR has agreed to either of these provisions – experience compensation and geographic pay – with any non-law enforcement state bargaining unit.

There are several new or improved features to the contract. **Furloughs will be prohibited during the**

term of the MOU. Employees who use a bicycle for all/most of their commute may claim \$20 per month. The opportunity to use Catastrophic Leave (MOU Section 5.3) and Catastrophic Leave Natural Disaster (MOU Section 5.8) and state-paid Mentoring Leave (5.11) are expanded.

Significant provisions from the previous contract remain in place. The state's contribution of **85% toward employee health plan premiums (80% for dependents), highest in state service,** continues. Opportunities to cash out a portion of vacation and annual leave each year (5.9), the option to switch to annual leave (5.2), and two days per fiscal year for professional leave (5.15) continue in effect. Protection against layoffs (13.1), opportunities to participate in telecommuting (8.5), alternate work schedules (8.6), applications for hardship transfers (15.4), and appealing involuntary transfers (15.2) are unchanged.

The terms of the contract are retroactive to **July 1, 2018 and the contract ends on June 30, 2020.** Negotiations for the next MOU will likely commence in the spring of 2020. In the meantime, improvements provided to other state bargaining units – including any changes to business and travel expense reimbursements, the commute program, overtime meals, and rural healthcare equity subsidy program – will also be provided to Unit 9 employees.

A proposal from CalHR to require Unit 9 employees to pay more for post-retirement health benefits was rejected. To maintain equal cost sharing between employees and employers for pension costs, the agree-

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PLEASE RETURN THE ENCLOSED BALLOT TODAY. THE STATE WILL NOT PROVIDE YOUR RETROACTIVE PAY INCREASE UNTIL 50% OF PECG MEMBERS VOTE AND APPROVE THE MOU!

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... continued from New MOU

EXPERIENCE COMPENSATION

PECG is the first non-safety state bargaining unit to win longevity pay in a state MOU. Unit 9 employees who meet certain service criteria will receive an experience differential based on the following schedule:

EFFECTIVE DATE	YEARS OF STATE SERVICE	PAY DIFFERENTIAL INCREASE
July 1, 2018	20 years	+2%
July 1, 2019	21 years	+3%
July 1, 2020	22 years	+4%
July 1, 2021	23 years	+5.5%

- Any Unit 9 employee with 20 or more years of state service (on July 1, 2018 and any time thereafter) will receive a 2% ongoing monthly compensation differential (on top of base pay) that will be calculated off his or her base salary. In future years, the differential escalates up according to the schedule above and will be applied when an employee reaches the experience threshold.
- The differential is an ongoing, monthly payment that is in addition to your base salary. If your service qualifies you for the differential, it will be provided in the July pay warrant the year the differential takes effect. It will be provided to all Unit 9 employees in the month when they qualify for any of the differentials. For example, if you do not have 20 or more years of service as of July 1, 2018, but will in December 2018, your 2% differential will be provided in December 2018.
- The differential percentages are not cumulative. For example, a 22 year employee on July 1, 2020 will be eligible for a 4% total differential above base pay – not the cumulative total of differential raises from previous years of service in years 20 and 21.
- The differential tops out at 5.5% in July 1, 2021 for those with 23 years or more of service. If you remain in state service after your 23rd year of service, you will continue to receive the 5.5% differential.
- The experience differential is considered pensionable compensation – your salary and the differential will be used to calculate your retirement benefits.

ment provides that Unit 9 members and the State may see an increased pension payment of 0.25% or 0.5% in 2019. The possible increase is dependent on a CalPERS actuarial report due in April 2019 establishing employee/employer pension costs for the 2019 fiscal year. Currently, the vast majority of Unit 9 members pay 8% of compensation above \$513 to their pension. Under the agreement, PECG’s pension contribution would return to 8% at the end of the contract.

There are two remaining steps to make the new contract a reality. At least 50% of PECG members must vote to accept or reject the new MOU and the Legislature and Governor must approve it.

This envelope also includes your MOU ratification ballot, the secret ballot envelope and a postage paid return envelope to mail in your vote. **Please return the enclosed ballot today. The state will not provide your retroactive pay increase until 50% of PECG members vote and approve the MOU!**

Ratification meetings are being scheduled throughout the state so members of the Bargaining Team can more fully describe the new contract and answer the questions of the members. A majority of PECG members must vote before, at, or after the ratification meetings to approve or reject the new contract. Announcements on meeting times and locations will be emailed to PECG members and state-paid time will be authorized to attend those meetings.

Now that the negotiations on the Unit 9 contract have been completed, PECG’s Supervisory Meet and Confer Team will meet

with CalHR to meet and confer on the application of these and other items to PECG’s supervisory and managerial members.

Your Bargaining Team recommends ratification of the new contract but the decision is up to you, the PECG members. Whatever you decide, please take the time to vote, either when you receive the ballot in the mail, or after attending the ratification meeting in your area. In the meantime, if you have questions, please don’t hesitate to email PECG at pecgmou@pecg.org.

PECG GEOGRAPHIC PAY DIFFERENTIAL

PECG’s new MOU includes a geographic pay differential. Unit 9 employees whose worksite is located in any of the following high-cost counties will receive a \$250 per month differential effective July 1, 2018:

COUNTIES
Alameda
Marin
San Francisco
San Mateo
Santa Clara

The differential is not considered compensation for the purpose of calculating employee retirement benefits.