



January 7, 2020

Update on County's Efforts to Reach Agreement with SEIU

Dear County Employees:

We are writing to provide an update on the County's efforts to reach a new agreement with SEIU covering the members of the six bargaining units. As we wrote to you previously, factfinding between the County and SEIU was scheduled to occur on December 19. Unfortunately, shortly after the County made its opening statement, SEIU withdrew from factfinding.

We are disappointed by the Union's action. The County was prepared to present expert witnesses to explain all the facts underlying the County's position. The Union's withdrawal prevented the panel and Union bargaining team from hearing them.

Given that the Union withdrew from factfinding, negotiations remain at a crucial stage. The parties agreed to have a negotiation session on January 15, and the burden is on the Union to bring forward a proposal that will lead to agreement. Because of this, we want to ensure that County employees receive full and accurate information about what happened in factfinding, and about next steps.

The Factfinding Hearing

Factfinding was the opportunity for both parties to state their proposals and the facts supporting their positions, so that each party could hear the justifications for the other party's proposals. It was supposed to result in the factfinding panel hearing the facts and making recommendations for settlement.

Factfinding began with the County and Union presenting their respective exhibits and opening statements. The County took this process very seriously. As noted in the Union's Facebook post, the County presented two binders containing extensive, detailed information on all of its positions, especially on wages. The County also said it was prepared to present expert testimony about the facts underlying our positions.

In contrast, even before factfinding occurred, the Union said that the only issue for factfinding was whether the Union's entire proposal for the first year cost \$1.25 million. (The Union modified this figure to be \$7 million Net County Cost. In fact, it is at least \$10.1 million.)

The factfinding panel, led by its Chair – an experienced arbitrator chosen by the parties – decided to hear all the facts, not just the Union's position. The County and Union made their opening statements. After an extended sidebar between the panel and the parties' representatives, SEIU indicated that it was withdrawing from the factfinding process. The factfinding session was unexpectedly abbreviated as a result of the Union's action, which deprived its bargaining team and SEIU bargaining units of the ability to hear the facts so they could assess the proposals of both parties.

The Facts Brought Forth By The County at the Beginning of Factfinding

The Union’s action means that the factfinding panel was not able to hear evidence or make recommendations for settlement. The County, however, is free to disclose the information it presented to the panel. The County’s main PowerPoint presentations appear [here](#). The entirety of the Union’s presentation appears [here](#).

Highlights of the facts brought forth by the County are:

PROPOSALS AND COST

- The County’s pre-factfinding proposal calls for a 6% increase over three years (36 months), with annual increases of 3%, 1%, and 2%. It also includes a first-time longevity payment of 2% for employees with 20 or more years of County service. The County’s proposal also includes \$4.1 million in equity adjustments for employees in below-market classifications that are experiencing recruitment or retention problems.

IMPORTANT FACT ABOUT COST

The County’s costing takes into account the *total* County cost rather than the “Net County Cost.” For every 1% salary increase, the actual County cost is roughly \$4 million.

COMPARISON AND COSTS OF COUNTY/SEIU PROPOSALS

	County	SEIU
Year 1	3%	5%
Year 2	1%	4.5%
Year 3	2%	4%
TOTAL Salary Increase	6%	13.5%
THREE YEAR SALARY COST	\$54,283,823	\$119,480,340
ADDITIONAL PROPOSALS:		
Equity Adjustments Three Year Equity Cost	\$4,126,776	\$38,477,868
Longevity	20 yrs – 2%	10 yrs – 1% 15 yrs – 4% 20 yrs – 7% 25 yrs – 10% 30-40 yrs – 13%
Three Year Longevity Cost	\$3,185,151	\$22,333,090
Three Year Cost Of Additional Proposals:	\$1,081,262	\$7,426,520
TOTAL THREE YEAR COST OF ALL PROPOSALS	\$62,677,012*	\$187,717,818

*- This figure is the total cost of the pay increases proposed by the County at the end of mediation. Since that time, the County has determined that additional equities for certain engineering and mental health classifications are warranted. The additional equities proposed by the County increase this total cost by \$881,671. The County’s current proposal appears [here](#).

PENSION COSTS

- The County's increasing pension liability presents a serious & long-term challenge to the County's fiscal health. Annual pension costs are rising due to changes in actuarial assumptions and lower than expected returns on investments.
- The County's unfunded pension liability has increased by \$1 billion since 2010. The system's funded ratio has dropped from 72.7% to 64.5%, adding upward pressure to employer rates.
- County employees pay significantly less for their retirement benefits than most other counties because the County pays about half of the employees' share of pension contributions (for most employees). More money spent on pensions leaves less for salaries.
- The County's pension program provides a post-employment benefit that is many times greater than comparable private sector retirement benefits, including lifetime retirement with most recent annual cost-of-living adjustments of 3%.

INTERNAL AND EXTERNAL SALARY COMPARISONS

- For the past many years, pay increases that the County and employee organization have negotiated have been almost identical between bargaining units, except where serious recruitment difficulties exist (e.g., for nurses). This is consistent with the goal of maintaining fairness and equity between different employee groups. A table showing the complete history for all County groups appears [here](#).
- The County and SEIU have historically included Santa Clara, Alameda and Contra Costa counties in a 10-county survey for salary comparison purposes. These Bay Area counties have significantly higher costs of living than San Joaquin County. When more comparable counties are taken into account, County pay rates are much closer to market. Tables showing these facts appear [here](#).
- In negotiations, the County proposed that the parties fully study these comparability issues well before the next round of bargaining occurs. The Union never responded to this proposal.

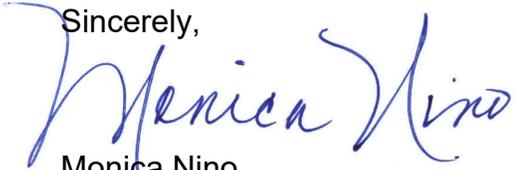
As previously indicated, the Union's cancellation of the factfinding process prevented the panel and Union bargaining team from receiving the facts, documentation and testimony regarding all of the above points.

Next Steps

Given the lost opportunity for factfinding, the parties agreed to convene a facilitated negotiation session on January 15. As part of this agreement, the Union pledged to come into negotiations with an offer that improves on the last offer the Union made in mediation.

As we have previously stated, the County's proposal represents the *very maximum* that the County's limited budget can absorb without putting in jeopardy important public programming or the County's long-term fiscal sustainability. The County, however, will continue to participate in this process in good faith. Our hope remains to finalize an agreement as quickly as possible so that the pay increases we have proposed for employees can take effect.

Sincerely,



Monica Nino
County Administrator