



June 12, 2020

An Update on Negotiations Between San Joaquin County and SEIU

Dear County Employees:

I hope this note finds you and your family safe and healthy. These are extraordinary times filled with a good deal of anxiety and concern for the future. The COVID-19 crisis has created a dividing line for all of us between what was our normal way of life just a few short months ago and what we must do now to survive the effects of the pandemic. Please continue your good work at the office and at home of washing hands often and practicing social distancing.

As many of you know, the State of California projected a \$5.6 billion surplus in January 2020. The State is now projecting a \$54.3 billion deficit, nearly a \$60 billion change in just four months. The State's deficit will have a direct impact on San Joaquin County's budget as we brace for reductions in support for law and justice, health and human services, and other areas of our government.

On Tuesday, the County released its 2020-2021 Proposed Budget detailing declines Governor Newsom's administration is projecting regarding multiple government revenue streams and other economic data including:

- 27.2% decrease in sales tax
- 15.6% decrease in consumer spending (expected)
- 18.8% unemployment rate in California
- 21% decrease in housing permits
- 23% decrease in corporate tax
- 25% decrease in personal income tax

These decreases in spending and revenue shortfalls change the County's fiscal outlook. The County recognizes the tremendous impact these losses will have on its resources and therefore must remain an effective steward of these limited public tax dollars. The County must ensure that any expenditure, including contract proposals to the Unions, are fiscally sustainable in the new COVID-19 economy.

The County's prior contract proposal to SEIU of a three-year agreement, which included Cost of Living Adjustments of 3% in the first year, 1% in the second year, and 2% in the third year, was rejected by the Union late last year. The County made one final time-sensitive offer of this same increase in wages to SEIU in March 2020, prior to the onset of significant COVID pandemic public health orders, but the Union did not accept the proposal. We are in a new world ten weeks later, and must bargain from this fiscal reality created by the COVID-19

pandemic. Given the significant loss of revenue the County is facing that offer is not fiscally responsible and is no longer available.

We have extended an offer to SEIU for an updated contract that still allows for growth in wages. Under the new proposal, employees would be offered a 24-month contract featuring:

- A 2% cost-of-living adjustment in year 1, followed by a 1% adjustment in year 2
- Equity adjustments (averaging 4.5%) for 42 classifications, positively impacting roughly 700 employees
- 2% Longevity pay for employees with 20+ years of service
- Three additional days of sick leave usage for part-time employees
- Additional health benefit options to include Sutter Health Plus, buy-ups for Dental and Vision.

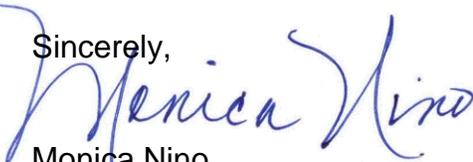
Given the extraordinary circumstances we are facing, we believe this offer recognizes the importance of our employees, while maintaining our ability to maintain a structurally balanced budget.

Unfortunately, yesterday SEIU rejected the County's latest proposal. SEIU provided the County a counterproposal that requested a 3% salary increase in the first year of the agreement, and paid for the larger first year salary increase (compared to the County's first year salary increase of 2%) by eliminating all equity increases proposed by the County. The County made it clear to the SEIU bargaining team that the elimination of the equities was simply not acceptable. The County strongly believes that equities are essential for the recruitment and retention of difficult to fill classifications. Especially during these times, the County wants to continue to provide the core services these positions provide to our community. The County rejected the Union's offer and explained the reasoning why, asking that the Union recognize that if the economy continues to falter, the newly proposed salary increases may no longer be possible. Both sides agreed to keep communication open, should there be interest by either party to change their position. We will keep you updated as this situation evolves.

I appreciate everything you have done to help keep the County going and to serve our residents during these difficult times. I certainly wish I had better news to bring to you, but I firmly believe that if we work together we will come out of this situation stronger than ever.

Stay well.

Sincerely,



Monica Nino
County Administrator