



June 28, 2004 Monday

Response to Tentative Budget Agreement on State Employee Pensions by CSEA President J.J. Jelincic

DATELINE: SACRAMENTO, Calif. June 28

The following statement is from J.J. Jelincic, President, California State Employees Association, SEIU Local 1000, in response to the tentative budget agreement on state employee pensions:

CSEA is gratified that Gov. Schwarzenegger and the leaders of our Legislature have reached an agreement that will help deal with the state's budget problems without unfairly burdening state workers. We are honored that we could represent our 140,000 members in these successful negotiations.

In thousands of phone calls and countless visits to legislators at the Capitol and in their district offices, our members made it clear that we have done and will continue to do our share to alleviate the budget situation. CSEA members have not received pay raises in five of the last eight years. Last year, we gave back five percent of our salaries and agreed to pay more for health insurance. These changes saved the state more than \$240 million in fiscal 2003-2004.

We are pleased that the governor and legislators have recognized these sacrifices, and we look forward to continued cooperation in the best interests of our state.

Some of the provisions of the agreement:

- State workers will receive a five percent salary restoration (which we voluntarily gave up last year) on October 1.
- We will not have to pay an additional one percent for our pension or have to go back to the inferior Tier 2 system for new employees.
- The state has agreed to fund its share of increases in health insurance premiums and to continue to provide additional funding for state workers and retirees who live in rural areas without access to HMOs.
- New state employees will pay five percent of their salaries into a state-administered savings account for their first two years. After that, they can deposit the money in the account with CalPERS, in which case they will receive pension services credit for those two years. At that point, the state will also pay back its share as if the workers had begun contributing to the plan from the beginning. Other options are for the worker to keep the money in the savings account or cash it out. With those options, the state makes no pension contribution for those two years of the employment.

CSEA, SEIU Local 1000, represents more than 140,000 state workers and retirees.