AGENDA ITEM

SEPT 704
MOU Negotiations
<u>Status</u>

DATE: September 14, 2007

TO: Members, Board of Governors
State Bar Executive Staff

FROM: Robert Hawley, Deputy Executive Director

SUBJECT: Labor Management Negotiations

EXECUTIVE SUMMARY

Negotiations with the Union representing State Bar bargaining unit employees on terms and conditions of employment effective in 2008 are scheduled to commence October 10, 2007, with an introductory meeting between the State Bar and Union bargaining teams. Negotiations were delayed pending the outcome of the fee bill process. With the fee bill in place for 2008, MOU negotiations are scheduled to start with the expectation of presenting a proposal for 2008 bargaining unit compensation to the Board before the end of the year. This is to remind Members of the Board and Executive Staff of the applicable legal standards and the procedure that will be followed with respect to the process. If you have further questions please contract Robert Hawley at Robert.Hawley@calbar.ca.gov; 415-538-2277.

I. DISCUSSION

A. What Are MOU Negotiations

Since 1980, the State Bar has been unionized by Service Employees International Union ("SEIU"). There are two bargaining units of employees: a General Unit and an Attorney Unit. The right of the State Bar's employees to bargain collectively is protected by the Meyers-Milias-Brown Act ("MMBA"), California Government Code sections 3500 *et seq.* This is the same law that applies to local cities and counties and miscellaneous government agencies. The State Bar's Executive Staff and designated Confidential Employees *(e.g.*, those in the Office of Human Resources and Office of General Counsel) are ***not*** union represented employees.

The existing Memorandum of Understanding ("MOU") runs through the end of 2008. That agreement provides for "reopener" negotiations on the limited issues of (1) wages in and after 2008; (2) health insurance benefits; and (3) one additional issue tobe identified by the Union.

B. Managing the Negotiations

It is the responsibility of the Executive Director to conduct the negotiations. She has designated a Management Negotiating Team that consists of Deputy Executive Director Robert Hawley, as negotiator, Human Resource Managers Iola Lee-LaMark and Gilda Munoz, and Office of General Counsel attorney Heather Irwin. Other key management staff will be involved as their expertise may become required for the negotiations. This team will report to the Executive Director and the Senior Management Team.

The Union Bargaining Team is elected by Union members. Members of the Union Bargaining Team are expected to continue to perform their job duties during the negotiations, although they are to be accommodated so as to allow their active participation in bargaining sessions that normally occur during the workday. Union Bargaining Team members are expected to contact their direct managers to work out how their work duties will be handled when they are in negotiations. This will be a point of discussion with the Union during the October 10, 2007 meeting.

C. The Process

It is the responsibility of the Executive Director to manage personnel and labor relations and of her designees to conduct the negotiations in accordance with the fiscal policy and budget determinations set by the Board. These parameters were set by the Board's budget process for 2008. The Management Negotiating Team will keep Executive Staff and the Board updated on the negotiations as the process proceeds. The Board Operations Committee has oversight responsibility for the process.

Once tentative agreement is reached on successor MOU terms by the Union and State Bar Negotiating Teams, the proposals are submitted by the State Bar to the Board of Governors and by the Union to its membership for ratification. The Board, at that stage, will consider the State Bar's recommendations with respect to the successor MOU terms and act accordingly.

Personnel costs are the largest part of the State Bar's budget. Thus, the wage and benefit costs of the State Bar are always a major part of the Board's budget planning process. The budget projections regarding anticipated personnel costs adopted by the Board as the basis for the 2008 budget will guide the State Bar Bargaining Team at the bargaining table.

D. The Issues

The key issues to the Union in recent negotiations have been retaining 5% step increases for those not at the top of their salary range, obtaining a cost-of-living increase and maintaining beneficial health insurance benefits. In 2003, the step increases were cut to 2.5% and no cost-of-living increase was granted. In 2004, the 2.5% step increase was converted into a comparable contribution by the State Bar to the Public Employee Retirement System (CalPERS) on behalf of all employees with the effect of increasing employee net pay by 2.5%. In 2005, the State Bar returned to 5% steps for those below the top of their salary range and in July 2005 picked up from employees another 2.5% of the employee contribution to CalPERS.

It is expected that the Union will continue to seek wage increases. The Union has also advocated that the State Bar move its health insurance benefit coverage to the CalPERS Health System to obtain retiree health coverage for covered members. Currently, the State Bar provides coverage to current Union employees through Aetna and Kaiser, but no retirement heath coverage. The premium costs are shared 20/80 (employees pay 20% and the State Bar 80% of the premiums). Health care is a very complicated and costly issue and is currently the most hotly contested issue in labor management relations nationally. As reflected in a join Union/Management Task Force Report on this subject, there is no consensus on potential modifications to existing health care coverage provided to employees. It is clear that the current coverage provided to employees provides better coverage for less cost than the CalPERS Heath System offers. The third issue up for negotiation will be determined by the Union.

E. Limit Discussions With Employees on Terms and Conditions of Employment

The collective bargaining process is governed by well-defined legal standards that limit the communications that occur between managers and employees. Board members are considered managers in this process. It can be an illegal unfair labor practice for management representatives, including board members, to engage individual employees in discussions regarding bargaining issues. It can also undermine Management's negotiating strategy. Therefore, managers and Board members are requested to be careful in any communications with employees regarding the negotiations and to avoid being inadvertently drawn into such discussions. The preferred response to an employee raising issues pertaining to labor negotiations is to politely advise them that the State Bar is represented by Management's team in the negotiations and redirect them to the formal bargaining process.

II. PERSONNEL/FISCAL IMPACT: None at this time.

III. POLICY/PLANNING/ADMINISTRATIVE MANUAL IMPACT: None at this time.

IV. CONCLUSION

If you have other questions regarding the negotiations, please contact Deputy Executive Director, Robert Hawley (415) 538-2277; Robert.Hawley@calbar.ca.gov.