

December 22, 2009

President Pro Tem Darrell Steinberg
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

Dear Pro Tem Steinberg:

Needless to say, this has been a difficult couple of years for state employees. We've been furloughed at a cost of nearly 15 percent of salary, lost overtime and holidays outside of collective bargaining, endured billions of dollars in cuts to essential state programs, and been ignored at the bargaining table.

However, these are mere setbacks when compared to the pending catastrophe that is coming as soon as July 1, 2010. Due to multiple court decisions, if there is no state budget in place, that is the day that state employees will be subject to being paid the federal minimums required under the Fair Labor Standards Act. For most employees, this will be the federal minimum wage of \$7.25 an hour.

To prevent economic catastrophe for state employees and to preserve the State of California as a viable employer, we strongly urge you to support a continuous appropriation for state employee salaries. As we have for each of the last four legislative sessions, PECG is the sponsor of pending continuous appropriation legislation – AB 1125 (Hernandez) – that will ensure our members and other state employees receive their full salary in the event a budget is not passed on-time.

By way of background, in 2003 the State Supreme Court concluded the state can't pay its employees if the budget is not passed and approved by the June 30 constitutional deadline. In July 2008, Governor Schwarzenegger ordered state workers' wages reduced to federal minimums after he and the Legislature failed to reach agreement on an on-time budget – a stalemate that was not resolved until September 23, 2008.

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State Controller John Chiang refused to comply with the order to pay state employees minimum wage. However, in August 2008, the Governor took the Controller to court arguing the law compelled him to pay federal minimum wage absent an on-time budget. In its ruling siding with the Governor, the Sacramento Superior Court stated: "the law does not authorize the full pay until the money is appropriated in the state budget." The case is on appeal, but a different result is uncertain.

According to the LAO, California faces a \$20.7 billion deficit over the next 19 months – portending another year of acrimonious, difficult budget negotiations, and quite possibly another stalemate. The California state budget has not been approved by the June 30 constitutional deadline in 15 out of the last 20 years. In three of these years, budget deadlocks extended into September. On five other occasions impasses continued into August.

AFSCME Local 2620 believes it is just this simple -- if public servants go to work, they should be paid in full and on-time. AB 1125, like its predecessors, languishes in committee as the days tick off until July 1, 2010. We urge you to act quickly to put in place a continuous appropriation for state employees with AB 1125 or by any other vehicle or means. If you do not, as early as this July, over 200,000 state employees will be facing economic calamity that will prevent them from meeting their basic financial obligations and greatly exacerbate California's economic difficulties.

Thank you for your consideration. We would welcome the opportunity to discuss this matter in person. To schedule a meeting or if AFSCME Local 2620 can provide any additional information, please call me at (510) 333-1146.

Sincerely,

Steve Shanahan, President

AFSCME Local 2620

cc: Members, California State Legislature