



**California
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Member of the AFL-CIO

*The nation's largest
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employee association*



October 4, 2013

US Certified Mail and Electronic Mail

Scott Hendries
AEU Bargaining Co-Chairperson
San Diego Field Office
6341 Nancy Ridge Drive
San Diego, CA 92121

Christopher E. Platten
Wylie, McBride, Platten & Renner
2125 Canoas Garden Ave., Suite 120
San Jose, CA 95125

Re: Contract terms imposed effective October 1, 2013

Dear Mr. Hendries and Mr. Platten:

I write regarding the contract terms noted above, which CSEA imposed effective October 1, 2013.

As you know, CSEA's final proposal regarding Article 23 [retirement benefits] requires that bargaining unit members contribute 1.25% toward the cost of pension benefits. As CSEA stated at the table, it was management's intention that this deduction (together with the 0.25% health and welfare contribution provided by CSEA's final proposal regarding Article 22 [insurance plans]) would be fully off-set by the 1.75% on-schedule salary increase included in CSEA's final salary proposal.

This calculation was based on the understanding, shared with AEU during bargaining, that the relevant employee contributions would be made on a pre-tax basis. We have received new information from our outside pension advisor that the employee contributions to the defined benefit retirement plan must, under federal law, be made on an after-tax basis.

As you are aware, the on-schedule salary increase was implemented on October 1, 2013 and will be received in employees' October 15, 2013 paycheck. With this understanding, CSEA has determined that the parties should meet to discuss the consequences of this new information. It remains CSEA's intent, as represented during bargaining, to apply a pension deduction contribution that yields all bargaining unit employees a net pay increase when all relevant contract provisions have been implemented. Specifically, CSEA proposes that the pension contribution under the imposed provision be reduced from 1.25% to 1.0%, effective October 1, 2013, returning the net gain to employees' paychecks.

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CSEA therefore requests that AEU meet with us to discuss this issue. The CSEA Bargaining Team is available anytime during the period of October 12-19, 2013. CSEA would also be willing to meet the week of October 7, 2013, including weekends; however, we understand Mr. Platten will be unavailable.

Please note all the other imposed terms remain in effect. In addition, if there is no agreement to adjust the terms of the pension contribution provision, it will be implemented in its present form on or about November 1, 2013, with an effective date of October 1, 2013.

Please contact Bev Wiedlin, Senior Human Resources Generalist, as soon as possible to schedule a meeting.

Sincerely,

CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION

A handwritten signature in cursive script, appearing to read "Keith Pace".

Keith Pace

Director of Field Operations/CSEA Bargaining Committee Chairperson

cc: Michael Bilbrey, Association President; Dave Low, Executive Director; CSEA Bargaining Team; Bev Wiedlin, Senior Human Resources Generalist; File