

GOVERNORS RESPOND TO STATE BUDGET CRISIS

The financial crisis facing state governments have prompted governors of Alabama, California, Hawaii, Iowa, Maryland, New York, Virginia, and Washington, among others, to issue executive orders and proposals to meet the fiscal emergency.

The various measures include:

FURLOUGHS

- The CALIFORNIA executive order calls for 2 days a month beginning in February 2009 to June 30, 2010.
- Under the MARYLAND plan, 2 days between January and June 2009 are required for employees earning between \$40,000-\$60,000; 3 days for employees earning over \$60,000.

The board of regents of the University of Maryland system voted to authorize furloughs affecting 22,000 employees.

- NEW YORK is requesting employees “to defer five days of pay until they retire or until the state’s fiscal crisis is over.”
- The IOWA board of regents, required to reduce expenditures by 2.5 percent, indicates that furloughs may be part of the cost saving program.

LAYOFFS

- The CALIFORNIA Dept. of Personnel Administration is expected to issue notices to employees in the bottom 20 percent in seniority rankings as they may be laid off.
- The NEW YORK workforce will be reduced by 3,108 employees to 196,292—4,205 positions due to attrition, 521 due to layoffs, while 1,618 workers will be hired for essential positions.
- VIRGINIA is expected to layoff 531 employees in FY 2009 and another 545 in FY2010. In addition, the Dept. of Transportation is expected to layoff between 900 and 1,150 employees, and higher education institutions will layoff some 39 employees in FY 2009 and 148 in FY 2010.

HIRING FREEZE

- ALABAMA’S “Deficit Prevention Plan” includes a hiring freeze, which is expected “to reduce the number of state workers by 3,000 over the next year without layoffs.”
- Hiring freeze is part of the IOWA board of regents’ cost cutting plan.

POSITION ELIMINATION

- MARYLAND is expected to eliminate 1,500 positions.
- As noted above, NEW YORK will eliminate 4,205 positions due to attrition.
- VIRGINIA will eliminate 757 currently vacant positions in addition to the 531 and 545 layoffs (above) for a total of 1,833 positions.

- According to the WASHINGTON Federation of State Employees, the governor is expected to cut 4,000 jobs over the next four years.

PAY RAISE FREEZE/DELAY

- ALABAMA will place a freeze on merit pay raises.
- Governor of HAWAII will request unions to forgo proposing pay raises in upcoming negotiations and will introduce a bill to suspend for two years pay raises for elected officials and top administrators.
- NEW YORK proposing reopening contracts to request give back on scheduled pay increases for 2009.
- WASHINGTON'S state employees, teachers, and care workers are subject to suspension of pay raises.
- VIRGINIA is delaying a 2 percent salary increase from November 25, 2008 until July 1, 2009.

PAY/BENEFIT CUT

- MARYLAND'S executive order establishes a salary reduction plan.
- NEW YORK'S budget proposal includes reducing employee benefits, cutting the state's share of retiree health care costs, and requiring employees and retirees to pay part of Medicare Part B premiums. Uniformed services employees will be required to work 25 years (currently 20 years) to retire with full benefits at age 50 (currently at any age). In addition, the state is creating another tier applicable to new hires, requiring a 3 percent employee contribution to the pension program and raising the minimum retirement age.
- The WASHINGTON Federation of State Employees states that the governor's proposal would cut the state's retirement system contribution by 46.8 percent.

Union reaction to these measures includes lawsuits in California to block implementation of the executive order and charges of breach of contract and bad faith bargaining in Washington.

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