

Employee Compensation and Collective Bargaining



Senate Ways & Means Committee
January 25, 2005

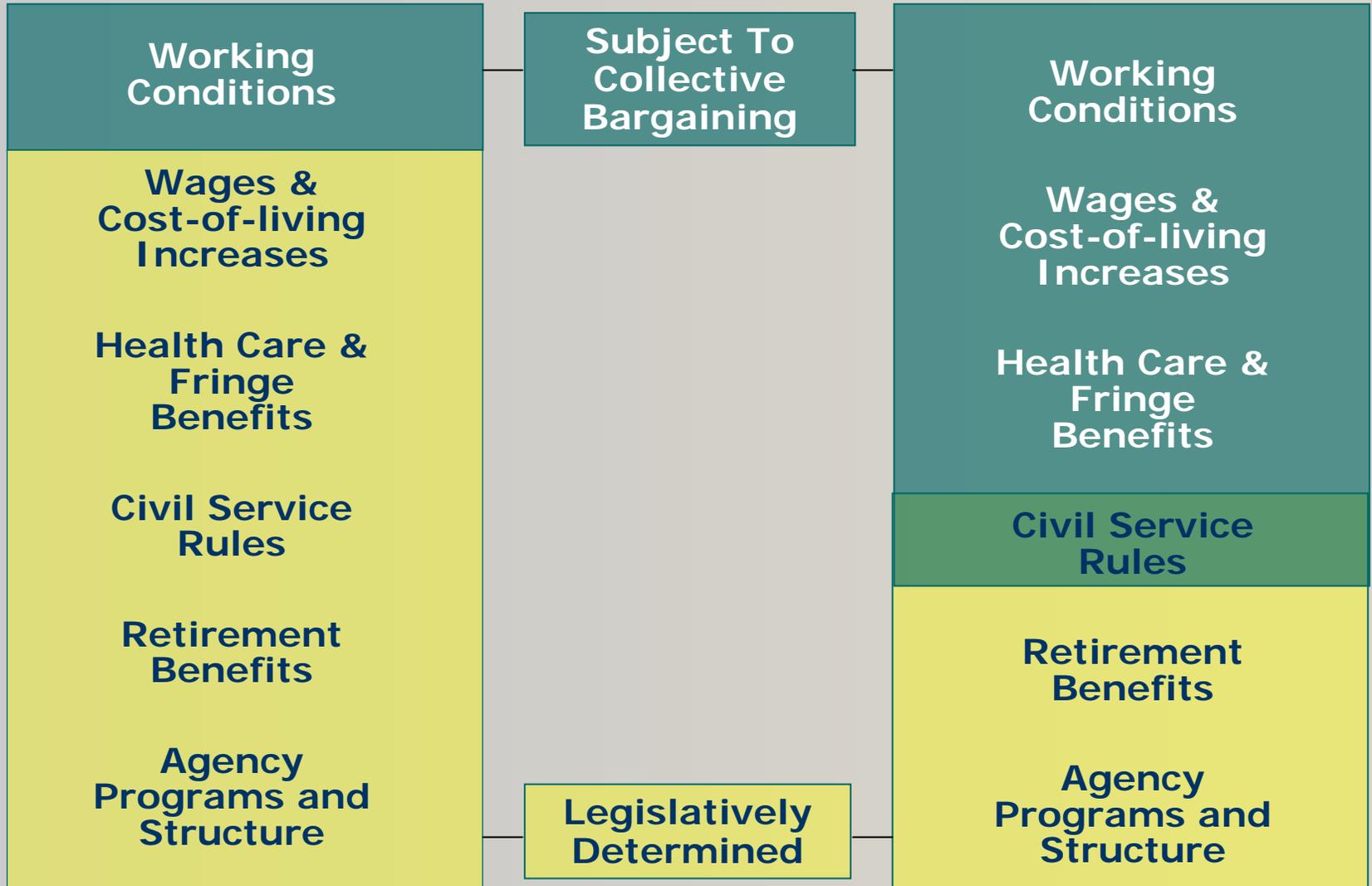
Collective Bargaining History

- Collective bargaining was adopted as a part of the Personnel System Reform Act of 2002.
- Other elements of the PSRA include civil service reform and rules for contracting with outside entities to provide state services

State Employee Collective Bargaining

Under Old Law

Under New Law



Who is covered?

All state employees except:

- Exempt and confidential employees
- Washington Management Service
- Internal auditors
- Employees of:
 - Dept. of Personnel
 - Office of Financial Management
 - portions of Attorney General's Office
- Legislative and Judicial employees

The Governor's Role

- The Governor's Labor Relations Office negotiates contracts for state agencies
- Higher education institutions may negotiate their contracts
- One master agreement is negotiated with each union with 500 members or more

The Governor's Role (cont'd.)

- Each master agreement will apply to all agencies with employees represented by that union
- The deadline for ratification was October 1
- The Governor must include funding for successfully negotiated agreements in his or her budget proposal

The Legislature's role

- During negotiations, the Governor is required to periodically consult with a legislative Joint Committee on Employment Relations (JCER).
- Upon submittal of the Governor's funding request, the Legislature shall approve (or reject) the request for funds "as a whole."
- The statute does not require a specific method of approval or rejection.
- May the Legislature approve some contracts, while rejecting others?
- If the Legislature rejects or fails to act on the funding request, either party may reopen all or part of the agreement or seek the assistance of a third-party mediator.

Collective Bargaining Results

- 23 ratified agreements were submitted to the Governor by October 1st.
- A coalition of all bargaining units also negotiated a master agreement for health care funding.
- 3 agreements were not ratified by the deadline.

Collective Bargaining Agreements Funded in Governor Locke's Budget

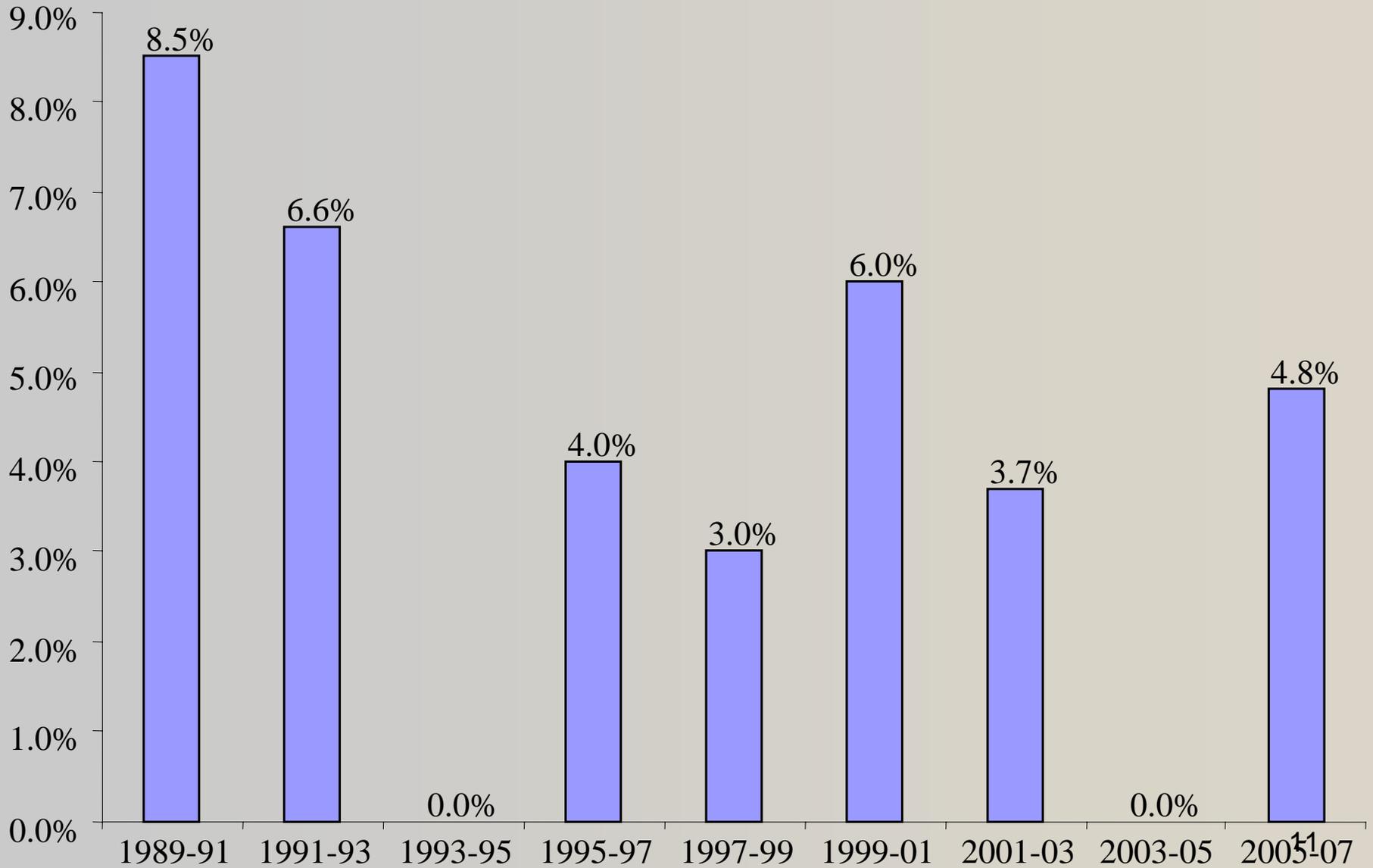
Labor Contracts with Agency Employees	Number of Contracts	Salary Costs	
		GF-S	All Funds
Washington Federation of State Employees	1	\$ 53,428	\$ 117,216
International Brotherhood of Teamsters	1	\$ 20,938	\$ 20,941
Washington Public Employees Association	1	\$ 4,609	\$ 10,528
Service Employees International Union	1	\$ 3,916	\$ 5,678
The Coalition	1	\$ 1,627	\$ 5,183
International Federation of Professional & Technical Workers	1	\$ 241	\$ 241
United Food & Commercial Workers	1	\$ -	\$ 1,138
	7	\$ 84,759	\$ 160,925

Labor Contracts with Higher Education Employees	Number of Contracts	Salary Costs	
		GF-S	All Funds
Community & Technical Colleges	2	\$ 9,399	\$ 13,195
University of Washington	5	\$ 5,994	\$ 5,994
Central Washington University	1	\$ 1,961	\$ 2,066
Western Washington University	4	\$ 1,173	\$ 1,514
Eastern Washington University	2	\$ 978	\$ 1,080
The Evergreen State College	1	\$ 724	\$ 746
Washington State University	1	\$ 50	\$ 90
	16	\$ 20,279	\$ 24,645

Contract Salary Provisions

- All but 4 agreements includes COLAs of 3.2% in FY 06 and 1.6% in FY 07.
- The Teamsters' contract includes COLAs of 3.2% in FY 06 and 2.9% in FY 07, some UW contracts provide 3 smaller COLAs or other pay raises.
- All contracts include salary increase for job classes paid less than 25% of the market rate.
- All contracts call for continuation of current longevity increase policies (step increases).
- Several agreements include new steps in select salary ranges.

COLA History 1989-2007



The Governor's Budget - Salaries

Item	Cost (millions GF-S)	Cost (millions all funds)
COLAs and Salary Survey for represented employees	\$105	\$186
COLAs and Salary Survey for non-represented employees	\$118	\$247
COLAs for K-12 and other employees covered under I-732	\$132	\$255
Performance pay	\$8	\$14
Total	\$363	\$702 ¹²

Collective Bargaining – Health Benefits

- One set of employer contribution rates was negotiated with a coalition of all of the unions.
 - \$663 per employee per month in FY 06
 - \$744 per employee per month in FY 07
- These rates were agreed to using assumptions of 11% inflation for benefit costs and a 12% employee share of health insurance premiums.

Employee Health Benefits (cont.)

- Responsibility for the design of benefits and setting employee contribution rates remains with the Public Employee Benefits Board (PEBB).
- Establishing employer rates for non-represented employees and school district employees remains the prerogative of the legislature.

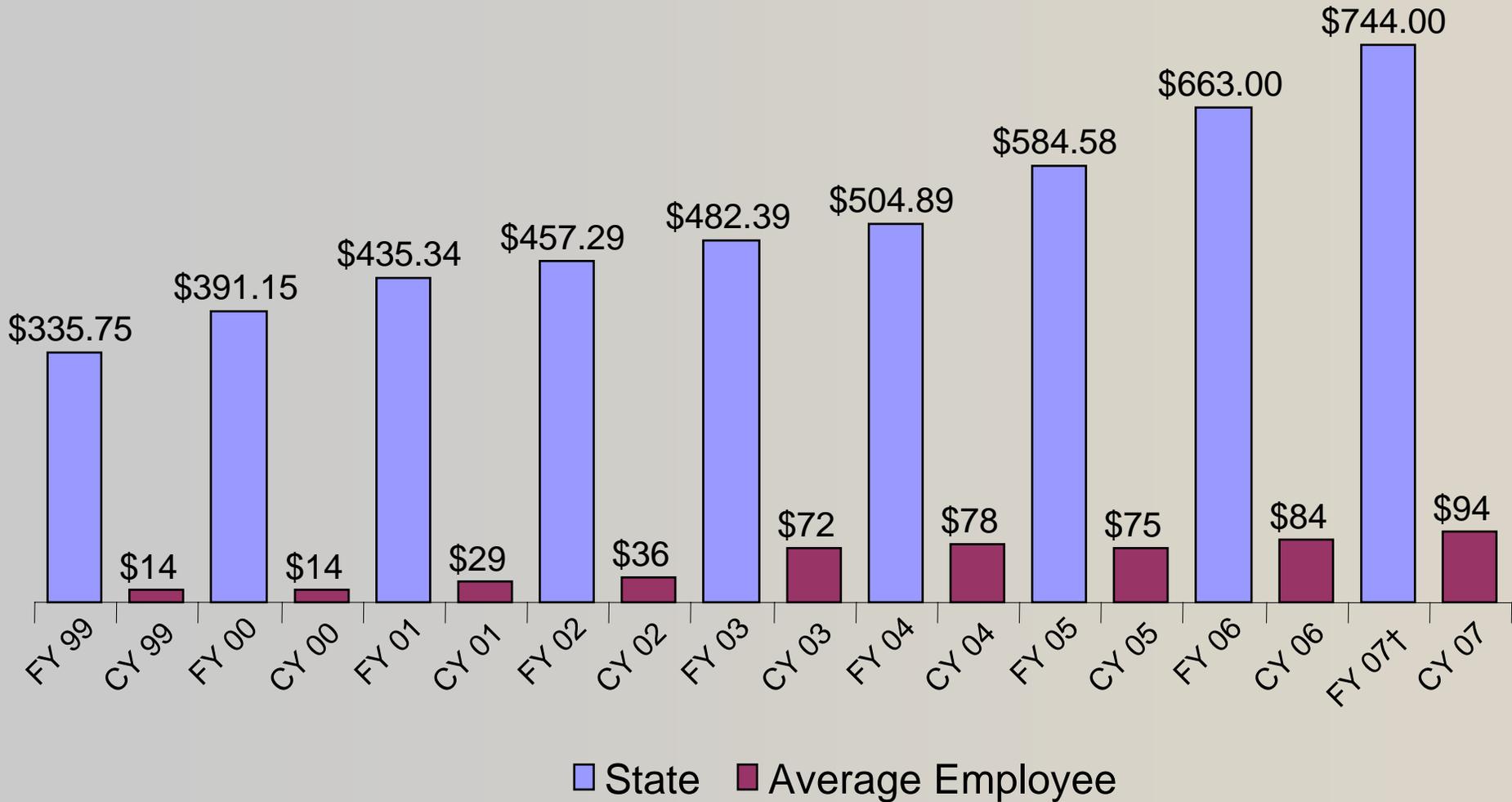
Governor Locke's Budget - Health Benefits

Employee Category	FY 06		FY 07	
	Funding Rate/K-12 Allocation	Est. Avg Employee Cost	Funding Rate/K-12 Allocation	Est. Avg Employee Cost
Represented	\$663/mo	\$85/mo	\$744/mo	\$94/mo
Non-represented	\$663/mo	\$85/mo	\$618/mo*	\$94/mo
School District	\$663/mo	N/A	\$689/mo**	N/A

*To be supplemented by expenditure of surplus PEBB funds.

**Equal to the weighted average employer funding rate for state employees.

Health Care Contributions, 1999 - 2007



Trends in Health Care Costs

	FY 00 Cost	FY 05 Cost	Change	Avg Annual % Change
Total Contributions	\$405/mo	\$662/mo	\$257/mo	10.3%
State Funding Rate	\$391/mo	\$585/mo	\$194/mo	8.4%
Average Employee Premium*	\$14/mo	\$77/mo	\$63/mo	40.7%

Governor Locke's Budget – Health Benefits

	Biennial GF-S Cost (millions)
Represented State Employees	\$ 81
Non-represented State Employees	\$ 37
School District Employees	\$ 168
Total	\$ 286