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ASSOCIATION OF CHIEF BUSINESS OFFICIALS FALL CONFERENCE

Negotiating in Rotten Budgetary Times

10/25/2011

PRESENTED BY:

Peter Brown

Negotiations in Rotten Budgetary Times

Association of Chief Business Officers Fall Conference | October 25, 2011

Presented by: Peter Brown

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ABCO Fall Conference – Oct. 25, 2011

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Agenda

- Keys to Success At the Table
- Available Options for Reducing Costs
- When You Cannot Reach Agreement
- Current Trends in Collective Bargaining Contracts

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Keys to Success

- Preparation is Essential to Success
 - Conduct Preliminary Research
 - Finances
 - What will our revenue be?
 - What can we cut?
 - Grievances and other Contract Issues
 - Create Proposals
 - Counter-Proposals
 - Management Proposals

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Keys to Success

- Set Realistic Goals
 - Avoid Excessive Expectations
 - Communicate Possible Outcomes to:
 - Governing Board
 - Interested Managers
 - Avoid Excessive Proposals
 - Balance Aggressiveness with Diplomacy

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Keys to Success

- Establish Effective Communications
 - Governing Board
 - To the board and by the board
 - Management
 - Employee Organizations
 - Employees

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Adopt Problem Solving Approach at the Table

- Identify Problem (articulate objective(s))
- Complete/Full Exchange of Information
- Separate People from the Problem
- Options → Open Minded and Creative
- Do Not Predetermine Solutions
- Consider Union's Interests

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Available Options for Cutting Costs

- Reduce Staffing by Attrition and Hiring Freeze
- Reduce Temporary employees
- Incentives for Early Retirement
- Incentives for Reduction in Sick Leave
- Incentives for Reduction in Workers' Compensation

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Available Options for Cutting Costs

- Voluntary Unpaid Leaves
- Voluntary Reduction to Part-Time Status
- Defer Personnel Actions (e.g., promotions, reclassifications)
- Defer or Eliminate Benefits
 - Premium and Standby Pays
 - Overtime beyond FLSA/Education Code Mandates
 - Accrual or Accrual Rates of Paid Leaves

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Available Options for Cutting Costs

- Reduce Salaries
 - Reduce Entry Step Salary Only
- Defer Wage Increases
- Reduce, Freeze or Modify Insurance Contributions/Coverage
 - Remember: You are bound by the benefits contained in current agreements even when faced with budgetary shortfalls!
- Modifying Retirement Benefits
 - Cost Sharing

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Furloughs

- How are they implemented?
 - Management rights clause
 - No management rights clause

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Furloughs

- Pros
 - Immediate savings
 - Can be targeted
 - Are an alternative to layoffs
- Cons
 - May be fought as hard as layoffs
 - FLSA issues

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Layoffs

- Districts retain right to layoff, subject to bargaining the impacts and effects
 - Academic employees require 3/15 notice
 - Classified employees are more flexible
- If you have a “no layoff” clause, you need to address it ASAP
- Consider whether existing layoff article permits without further negotiations

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Layoffs – Impacts and Effects

- Impacts and Effects
 - Can include matters relating to wages, hours and other terms and conditions of employment
 - Order of layoff, seniority and bumping for classified employees

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Unable To Reach Agreement

- Are We at Impasse?
 - Bargaining Authority Exhausted
 - Utilized Mediation, Factfinding, etc.
 - Membership Rejected Last, Best & Final Offer

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Unable To Reach Agreement

- Should We Impose Last, Best & Final?
 - Pros:
 - Ends Process
 - Allows Implementation of Changes to Working Conditions
 - Conveys Benefits of Final Offer to Employees
 - Cons:
 - Employees May Feel Abused
 - Only Good for One Year - Or Less
 - Possible PERB Charge / Litigation

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Unable To Reach Agreement

- Implementation: Make Sure You Have:
 - Negotiated in Good Faith
 - Exhausted Impasse Procedure
 - Notified the Union of Intention to Impose
 - Given the Union the Opportunity to Address Governing Board in Public Session
 - Complied with Brown Act
 - Implemented the Last, Best & Final Offer

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Health Insurance Trends

- Health Benefits (taken from June 2007 Survey)
 - The cost of health coverage continues to be a significant budget line item with a mean percentage of total budget at 7.44%.
 - Kaiser and Blue Cross continue to be the most-used medical providers of the group of responding districts.

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Retiree Medical

- Health Benefits (continued)
 - Although approximately 30% of Districts provide some form of lifetime retiree medical benefits, districts are gradually decreasing or discontinuing those lifetime benefits based on hire date. Also, be aware of Sappington v. Orange Unified School District.

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Thank you

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