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ASSOCIATION OF CHIEF BUSINESS OFFICIALS FALL CONFERENCE

Negotiating in Rotten Budgetary Times

10/25/2011 PRESENTED BY:

Peter Brown

Association of Chief Business Officers Fall Conference | October 25, 2011 Presented by: Peter Brown



Agenda

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

Keys to Success

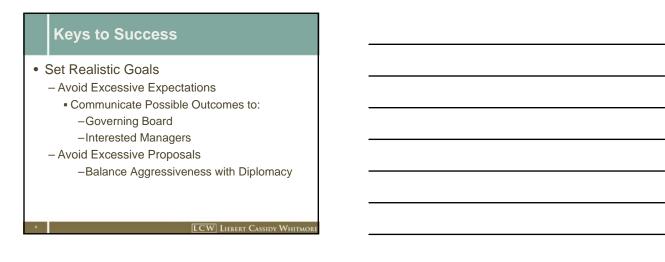
- Preparation is Essential to Success
 - Conduct Preliminary Research
 - Finances
 - -What will our revenue be?
 - -What can we cut?
 - Grievances and other Contract Issues
 - Create Proposals
 - Counter-Proposals
 - Management Proposals

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Keys to Success

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

Adopt Problem Solving Approach at the Table

- Identify Problem (articulate objective(s))
- Complete/Full Exchange of Information
- Separate People from the Problem
- Options \longrightarrow 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

Available Options for Cutting Costs

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- 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

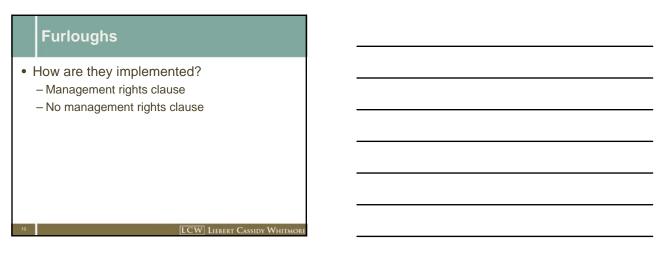
Available Options for Cutting Costs

- 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

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

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
-	npacts 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

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.

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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