

Memorandum



Date: January 15, 2014

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Status of Collective Bargaining Negotiations: Five Percent Contribution to the County's Cost of Healthcare

In the Board's December 5, 2013 resolutions, the Administration was instructed to present a plan identifying available funds to pay for the elimination of the five percent contribution to the County's cost of healthcare from base wages subject to the following:

1. Any funds in the Self-Insurance Fund exceeding the amount of 60 days safe harbor established by the State Office of Insurance Regulations shall first be used to fund the cost of this resolution;
2. The remaining costs shall be funded from savings and efficiencies provided there is no impact to direct services to the public;
3. No letter of credit or line of credit shall be used to support the Self-Insurance Fund; and
4. No funding shall be taken from the County's reserves.

Unfortunately, accomplishing these four objectives without impacting services to our community is simply not possible. For this reason I vetoed the Board's resolutions on December 14, 2013. As a result of the Board's actions on December 17, 2013, the veto was sustained, and the impasse with the County's labor unions remains. During the December 5th and December 17th meetings, the Board further expressed the desire for this issue to be resolved between my Administration and the unions. My commitment to this Board was to roll up our sleeves and identify creative ways to work with our union partners.

Since the December 17, 2013 Board meeting, my Administration has communicated with our labor partners on multiple occasions and has offered to meet with each of them in an effort to resolve the impasse. On January 8, 2014, we became aware that the unions declared and affirmed their "unity and collective solidarity" in seeking that the five percent contribution be eliminated. This declaration calls into question their willingness to continue negotiations. To date, only two unions, AFSCME Local 199 –General which represents almost 9,000 employees and AFSCME 121- Water and Sewer which represents nearly 1,650 employees have met with my Administration. We have not received any counter proposals in an effort to resolve this impasse.

On January 6, 2014, we met with AFSCME Local 199. We presented the one-time payment for our lower-paid employees outlined in my veto message (\$1,500 for employees making less than \$40,000 and \$1,000 for employees making more than \$40,000 but less than \$50,000) which was rejected. Knowing that a reduction of the five percent contribution is simply not an option without impacting services, my Administration proffered an additional alternative that is budget neutral and that would result in an increase in take home pay for County employees. The solution would implement an across the board 3.5 percent pay plan reduction in lieu of the five percent healthcare contribution. By doing this, the County would realize savings in the fringes (FICA, MICA, etc.) paid for salaries while employees would see an increase in their paychecks. This concept was also not accepted.

Below is an estimate of what the average increase might be to an employee. It is important to recognize that these estimates are based on average salaries and average overtime earnings for each unit and do not take into consideration each employee's individual situation such as actual overtime hours worked, pay supplements, nor tax designations used for gross to net pay calculations. The chart below is simply a high level summary of what this proposal translates to for the average

employee in each respective union. The summary also provides an estimate assuming no overtime is paid to the employee and the other estimate shows what the increase would be assuming the employee earns overtime.

IMPACT OF 3.5% PAY PLAN REDUCTION IN LIEU OF 5% INSURANCE CONTRIBUTION

BARGAINING UNIT	NUMBER OF FULL TIME EMPLOYEES ⁽¹⁾	AVERAGE BASE SALARY ⁽¹⁾	AVERAGE ADJUSTED SALARY ⁽¹⁾	AVERAGE ANNUAL OVERTIME ⁽²⁾	AVERAGE ANNUAL INCREASE PER FULL-TIME EMPLOYEE (EXCLUDING OVERTIME)	AVERAGE ANNUAL INCREASE PER FULL-TIME EMPLOYEE (INCLUDING OVERTIME)	TOTAL INCREASE PAYMENTS (EXCLUDING OVERTIME)	TOTAL INCREASE PAYMENTS (INCLUDING OVERTIME)
AFSCME LOCAL 121 - WASD	1,633	\$ 49,478	\$ 51,431	\$ 5,800	\$ 454	\$ 317	\$ 741,079	\$ 517,814
AFSCME LOCAL 199 - GENERAL	5,976	\$ 45,422	\$ 46,196	\$ 1,500	\$ 441	\$ 405	\$ 2,633,209	\$ 2,421,905
GSAF/ OPEIU LOCAL 100 - PROFESSIONAL	1,109	\$ 69,874	\$ 70,384	\$ -	\$ 694	\$ 694	\$ 769,513	\$ 769,513
GSAF/ OPEIU LOCAL 100 - SUPERVISORS	2,953	\$ 72,312	\$ 73,066	\$ 3,000	\$ 713	\$ 642	\$ 2,104,777	\$ 1,895,948
PBA - RANK AND FILE UNIT	4,834	\$ 62,896	\$ 74,184	\$ 6,100	\$ 369	\$ 226	\$ 1,785,295	\$ 1,090,203
PBA - SUPERVISORY UNIT	245	\$ 97,192	\$ 115,241	\$ -	\$ 532	\$ 532	\$ 130,251	\$ 130,251
TWU LOCAL 291 - TRANSIT	2,299	\$ 50,108	\$ 50,175	\$ 10,500	\$ 505	\$ 257	\$ 1,160,155	\$ 591,127
TOTAL	19,049						\$ 9,324,279	\$ 7,416,761

(1) Data as of PPE 11/24/2013

(2) CY 2012

On January 15, 2014 we met with AFSCME Local 121. Once again we offered the one-time payment for our lower paid employees, which was rejected. We then offered the option of a 3.5 percent pay plan reduction in lieu of the five percent group healthcare contribution. This was also rejected.

In keeping with my Administration's and this Board's desire to provide relief to lower-paid employees, we then offered an additional proposal of reducing the group healthcare contribution for those employees earning less than \$52,000 of base salary contribution from five percent to a 1.65 percent contribution, a two-thirds reduction. This would provide relief for more than 9,300 of our employees (see chart below). My Administration has extended this proposal to all other unions at impasse.

Bargaining Unit	Population Earning Under \$52,000
AFSCME LOCAL 121 - WASD	1,031
AFSCME LOCAL 199 - GENERAL	4,536
GSAF/ OPEIU LOCAL 100 - PROFESSIONAL	146
GSAF/ OPEIU LOCAL 100 - SUPERVISORS	572
PBA - RANK AND FILE UNIT	1,030
TWU LOCAL 291	1,779
NON BARGAINING	240
Grand Total	9,334

Unfortunately, the other unions have been unwilling to meet. GSAF agreed to meet but subsequently cancelled negotiations. GSAF did however request the County's base pay reduction proposal in writing, which was provided. TWU declined in writing to meet and rejected the base pay reduction proposal. PBA was sent requests to meet on three different occasions and to date, have not responded.

I believe these proposals to be good faith alternatives for the unions to consider. I understand that two of these proposals cannot be imposed by the Board to resolve the impasse today, but I have offered them to the unions as a way to achieve a sustainable future and provide relief to our valued County

employees. Should the Board wish to choose the alternative of reducing the group healthcare contribution for employees making less than \$52,000, that could be imposed as a means of resolving the impasse at the Special Meeting. Resolving the impasse by eliminating the group healthcare contribution would result in severe budgetary consequences. However, continuing the group healthcare contribution does not preclude the parties from future negotiations to provide relief to our employees.

We all have been moved by the stories of our County employees who have experienced difficulty with finances as a result of the economic challenges our entire community faces. Collectively, we must look at our financial challenges in a manner that not only addresses the immediate need but also allows our County to be structurally sound in the future. I have repeatedly reminded this Board that we are currently not in a position to eliminate the entire five percent group healthcare contribution of base wages for all bargaining unit employees at impasse.

Please be assured that my Administration will continue to negotiate and work with our labor partners to attempt to come to consensus. However, effective negotiations require two willing parties and we stand ready to come to the table to consider reasonable proposals.

c: Honorable Harvey Ruvin, Clerk, Circuit and County Courts
 Honorable Carlos Lopez-Cantera, Property Appraiser
 Robert A. Cuevas, Jr., County Attorney
 Carlos Migoya, President and CEO, Jackson Health System
 Andy Madtes, Administrator, AFSCME Local 199
 Emilio Azoy, President, AFSCME Local 121
 Mark Richard, Esq.
 Osnat Rind, Esq.
 John Rivera, President, Dade County PBA
 Greg Blackman, President, GSAF Local 100
 Donald Slesnick, Esq.
 Clarence Washington, President, TWU Local 291
 Martha Baker, RN, President, SEIU 1991
 Manny Anon, Esq.
 Office of the Mayor Senior Staff
 Department Directors
 Charles Anderson, Commission Auditor