UNION PUTS FORTH NEW SETTLEMENT FRAMEWORK

What is the new settlement framework that the AFSCME Bargaining Committee has put forward?

- ✓ Employees would forgo any increases in base wages in all four years of the contract.
- ✓ Employees would pay increased health insurance premiums, co-pays and deductibles in FY 17, 18 and 19 as determined by an independent arbitrator in the recent interest arbitration regarding contract terms for Illinois state troopers.
- ✓ The amounts the governor has already proposed to expend on bonuses—$1,000 per employee in the first year of the contract and 2% of payroll in each subsequent year—would be equitably distributed to all employees.
- ✓ In order to prevent large pay differentials among employees performing the same work, the 40% of employees eligible for continued movement through the pay plan would move to the next step in FY 18 and 19.
- ✓ Further negotiations on all other outstanding issues.

Why did the Bargaining Committee put forth this new framework?
Governor Rauner walked out on bargaining over a year ago. He has refused to meet with the AFSCME Bargaining Committee ever since, while attacking our union for the proposals we had on the bargaining table then. AFSCME has repeatedly indicated that we were prepared to modify our proposals if the governor would resume negotiations, but he refused to do so, instead asking the Labor Board he appoints to let him impose his extreme terms on employees. So, in an effort to move the process forward—and to demonstrate to all concerned the dishonesty of Rauner's claims that union members are indifferent to the state's financial woes—the Committee decided to adopt a new settlement framework and to announce it publicly.

How was this new settlement framework developed?
The framework was based to a considerable extent on the recent award in the Illinois State Troopers Lodge 41 interest arbitration, in which an independent arbitrator accepted the Rauner Administration's proposed four-year wage freeze, but rejected the governor's proposal for a 100% increase in employee insurance premiums as "unreasonable" and instead accepted the Troopers' far more modest increase of 8.5% over the life contract.

What is Rauner trying to impose on state employees now?
Rauner is demanding that employees pay 100% more for their health insurance premiums retroactive to July 1, 2016 (with increases of up to 10% in each subsequent year). Combined with his demands for four-year wage and step freezes, that would cost the average state employee more than <u>$10,000</u>. He's also demanding cuts to overtime pay, fewer restrictions on mandated overtime, and bonuses only for those management chooses. And he wants to strip away the contract language that prevents irresponsible subcontracting.

How would the union's new health insurance framework compare to Rauner's health insurance demands?
The union's framework would only increase premiums by 8½% over the life of the contract, compared to the governor's plan to impose a 100% (potentially 140%) increase. So if an employee's current premium cost for family coverage is $3336 annually, Rauner's plan would raise that to <u>$6,672</u> in the first year and potentially $8,073 by the final year of the contract. Whereas under the framework the union has put forward, the premium cost would only be $3,628 by the final year of the contract.

What about wages?
The union's new framework would provide for no increase in base wages for four years. However, under the union's framework, **ALL** employees would receive a lump sum payment in each year of the contract ($1000 on signing; and 2% of their salary in each subsequent year). Rauner's scheme includes the same amount of money for one-time payments, but in the form of "merit bonuses" that would only go to at least 25% of employees that supervisors choose to give them to. Under his scheme, some employees would get big bonuses and some would get nothing.

What would happen to steps under the new framework?
Rauner is proposing a four-year step freeze. The union's new framework would provide for step increases in FY 18 and FY 19. Rauner already acted unilaterally to halt payment of steps beginning in July, 2015. AFSCME believes that employees were entitled to receive steps at that time because the Employer was required to continue all conditions of employment. The Union is currently in court seeking payment of those steps.

What about employees still owed back pay?
AFSCME fought an intensive legal battle all the way to the Illinois Supreme Court to try to force the Employer to pay all back wages owed. While some employees did receive their full back pay—and all employees received half the amount owed—the Supreme Court rejected the Union's argument that all employees must be immediately paid in full. Instead, while recognizing that employees had a legitimate claim to the monies owed, the Supreme Court said that there must be funds specifically appropriated by the General Assembly in order for employees to be paid. Since that time, AFSCME has been pressing the General Assembly to pass such an appropriation—and will continue to do so.

What about issues not included in the new framework?
AFSCME has not changed our position on any other issues, but has indicated that the union is prepared to continue negotiating on all outstanding issues if the Rauner Administration returns to the bargaining table.

What about the governor's claim that the new framework doesn't close the "$3 billion gap" between the parties?
That figure is and always was a wild exaggeration without a grain of truth to support it. The fact is the new settlement framework <u>would have an extremely modest cost to the state</u>. Employees would get no general wage increase for four years, and in three of those years would pay more for their health care. Only 40% of employees who are still moving through the pay plan would move up a step in FY 18 and FY 19. State workers understand the state's fiscal problems and will do our part to help solve them.