

# City Proposal Vs. Status Quo Impact on Average Employee

AFSCME District Council 33

January 16, 2013

# Features of City's 1-16-2013 Proposal

	<b>Status Quo</b>	<b>City Proposal</b>
<b>Wages</b>	0%	2.50% Additional 2% January 1, 2014
<b>Steps</b>	Frozen	Restored
<b>Longevity</b>	Frozen	Restored
<b>Overtime</b>	No Change	Eliminate 2x Rate and Daily Overtime; Premium Paid after combination of 40 hours worked and vacation and education leave.
<b>Pension – Employee Contribution</b>	No Change	Increase to 50% of normal cost with no offset in Plan J
<b>Pension – Plan 10</b>	No Change	Plan 10 for employees hired after the agreement. No change for current employees unless they elect to enter new Plan.
<b>Health Insurance - Employee Contribution</b>	\$50 per pay	\$15 million in first year following agreement (\$72 per pay per member toward costs); \$10 million in second year following agreement (\$50 per pay per member toward costs).
<b>Furloughs</b>	No Change	City permitted to impose 15 per year (None planned in Current Budget or Five Year Plan)

# Employees in this Analysis

- There are 6,831 full time employees represented by DC 33 but not in Local 159 B who are currently active and who were active at the end of calendar 2011. This population is used to be able to analyze the impact of proposed changes in overtime.
- For purposes of analyzing the impact of Health Insurance, the \$15 and \$10 million lump sum payments are divided by all active full time DC 33 members including Local 159 B. Average health care contribution includes impact of Fair Share employees.

# Assumptions for Net Take Home Pay

- Net Take Home Pay is calculated by adding Base Salary, Longevity, and Overtime and subtracting Employee Contributions for Health Insurance and Pension
- Base Salary includes Step Increases
- Assume that City Lump Sum for Health Insurance is used to reduce employee contribution for insurance from \$50 per pay to ???

# Impact of City Proposal on Health Insurance

- In Year One following agreement, the City contributes a \$15 million lump sum to the Health Fund. This lump sum only benefits Union members in the DC 33 Health Plan.
  - Average per employee annual value of \$1876 including 159 B represented employees.
- In 2014, the City contributes an additional \$10 million to the Health Fund.
  - Average per employee annual value of \$1,283 including 159 B represented employees.

# Status Quo vs. City Proposal

	Status Quo	City Proposal (First Wage Increase)
Base Salary including Step Increments	\$35,008	\$36,569
Longevity	\$598	\$775
Overtime	\$5,666	\$5,494
<b>Total Direct Wages</b>	\$41,272	\$42,838
Pension Contribution	\$(832)	\$(1,419)
Health Insurance Contribution	\$(1,224)	\$899
<b>Net take home pay</b>	<b>\$39,216</b>	<b>\$42,318</b>

# Impact of City Proposal on Direct Compensation

	Status Quo (Weekly)	City Proposal - First Wage Increase (Weekly)
Base Salary including Step Increments	\$673.28	\$703.25
Longevity	\$11.50	\$14.90
Overtime	\$108.96	\$105.65
<b>Total Direct Wages</b>	<b>\$796.69</b>	<b>\$823.80</b>

# Take Home Pay Increases Under City Proposal – First Wage Increase

City Proposal	\$42,318
Status Quo	\$39,216
Difference	\$3,102
Percent Change	8%

- After the first wage increase under the City Proposal, Take Home Pay increases by \$3,102 -- an effective increase of nearly 8%.

# Even Excluding the Health Care Contribution, the City's Proposal Benefits Employees

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Base Salary including Step Increments	\$35,008	\$36,569
Longevity	\$598	\$775
Overtime	\$5,666	\$5,494
<b>Total Direct Wages</b>	<b>\$41,272</b>	<b>\$42,838</b>
Pension Contribution	\$(832)	\$(1,419)
Net Take Home Pay (excludes Health Care Contribution)	\$40,440	\$41,419

- Even excluding the Health Care Contribution, Take Home Pay still increases after the first wage increase by \$979 – an effective increase of 2.4%

# Impact of Proposal on Base Wages – 2<sup>nd</sup> Wage Increase

- In 2014, the City proposes a 2.0% across the board increase
  - This increase adds an average \$731 to employee's base wages
- Average base salary improves by \$2,292 from status quo

# How would City Proposal to Increase Employee Pension Contribution have Impacted Current Retirees

	Average Lifetime Contribution	Estimated Increase Based on City Proposal	Estimated New Lifetime Contribution
Plan 87	10,913	140	11,053
Plan 67	19,806	446	20,252

Note: Average lifetime contribution and average annual benefit on next page taken from analysis prepared by Cheiron for Local 810 interest arbitration. Increase in Lifetime Contribution calculated by multiplying average Lifetime Contribution by 1.28% for Plan 87 and 2.25% for Plan 67.

# New Lifetime Pension Contribution vs. Average Benefit

	<b>Plan 87</b>	<b>Plan 67</b>
<b><i>Estimated New Lifetime Contribution</i></b>	<b><i>11,053</i></b>	<b><i>20,252</i></b>
Average Annual Benefit	11,005	20,391
5 year benefit total	55,025	101,955
10 year benefit total	110,050	203,910
15 year benefit total	165,075	305,865

# Furlough Proposal

- City proposes the right to furlough employees up to 15 days per fiscal year.
- Under the City's proposal, furloughs must be approved in advance by the Director of Human Resources and the Finance Director and cannot be used for disciplinary purposes, consistent with Civil Service Regulation 16.02.
- City already has the right to the lay off employees consistent with the Civil Service regulations and the contract.