BARGAINING IN UNCERTAIN TIMES

The nation's economy is shaky and state and local governments face fiscal crisis, making the bargaining climate extremely challenging.

In a thriving economy, bargaining requires creativity by the union and management. Bargaining in hard times requires even greater innovation.

Some employers may try to get "givebacks" from the union, even if they have other options. In a difficult budget situation, it is important to make sure that genuine efforts are made to address the revenue side of the equation as well as spending. And with respect to spending, it is important that the employer works with the union to find savings that will preserve quality services and jobs. Spending on non-personnel items as well as consultants, contractors and contingent workers should be examined. Other savings can be found by reducing management jobs.

When those options are exhausted, our challenge is to reach agreements that benefit workers and have minimal economic impact. Following are some options:

Wages and Compensation

Gainsharing: Gainsharing language links either part or all of a wage or benefit increase to economic or productivity goals established by the union and management. The union and management work together to achieve those goals, which can include increased revenues or decreased costs.

"If/come" language: "If/come" language conditions either part or all of an increase on the employer achieving specified goals, usually with respect to revenues. Gainsharing is usually focused on operational improvements while "if/come" language is focused on bottom line financial performance.

Delayed pay increases: Delaying a pay increase to later in the year, or splitting an increase so that part is received at the beginning of the year and the rest later, can help an employer's cash flow while still raising employees' base wages.

Wage re-openers: Fiscal conditions can change during the term of a contract. A reopener, to revisit economic items before the rest of the contract expires, is an alternative to locking in unfavorable wage and benefit language.

Lump sum or bonus payments: These are one-time cash payouts that do not increase employees' base rate of pay. They put money in members' pockets but provide no permanent pay raise.

Other Compensation

Benefits: Cost increases in health benefits are straining employers' budgets. Joint labor-management committees have been somewhat effective in reducing health care costs. In addition, employer participation in group purchasing arrangements may help to slow cost increases.

Tax-deferred benefits: Various federal laws permit employees to set aside portions of their income for salary savings plans, dependent care services, public transportation and so on. The amount set aside is not subject to federal income taxes, which means more money in employees' pockets. The employer incurs no cost, unless it chooses to contribute to the benefit, but it must administer the funds.

Time off: Some holidays or leave days, such as the employee's birthday or personal days, do not affect service levels, so the employer should not have to fill in with other staff.

Pensions: If the pension fund is financially sound, improvements in pension benefits may be possible because the cost of the improvements is not paid all at once. Improvements could include an increase in the multiplier, reduction in years for eligibility, or employer pick-up of part or all of the employee contribution.

Stipends: Tool allowances, uniform allowances, shift differentials and other differentials may provide a significant economic benefit to employees at minimal cost to the employer.

Contract Language Improvements

Many contracts contain language that needs to be strengthened. Difficult economic times can be used as an opportunity to improve that language or to add language that has no direct economic impact. Following are some possibilities:

Bargaining to Organize: Getting employer agreement to add employees to the bargaining unit, or prohibiting the employer from interfering with organizing other workers under its control, can build union power for the long haul.

Contracting out: Language restricting contracting out or privatization provides job security and maintains the union's strength.

Contracting in: Work that is currently privatized can be brought back in house at the expirations of the private vendor's contract.

Career development: Employers' workforce needs change over time. Strategies that allow current employees to move into emerging areas can benefit workers and management.

For more information: Check out our website at www.afscme.org

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