



NEW YORK STATE SENATOR

Velmanette Montgomery

Governor Cuomo Announces Five Year Labor Agreement WITH Civil Service Employees Association

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Governor Andrew M. Cuomo today this week that his administration has reached a five-year labor agreement with the Civil Service Employees Association (CSEA). CSEA represents 66,000 New York State employees and is one of the largest public employee unions in the state. Upon ratification, this agreement would provide CSEA protection from broad layoffs.

The agreement includes a freeze on base wages for 3 years and a redesign of the employee health care contribution and benefit system, saving \$73 million this fiscal year and \$93 million next fiscal year. If adopted by the state's other collective bargaining units, the agreement will reduce workforce costs by \$1.63 billion over the course of the agreement, including \$1.27 billion of savings in healthcare costs, and would achieve sufficient savings to avoid the need for broad layoffs arising from the gap in the state operations budget. Overall, the five-year agreement if adopted statewide would be \$3.8 billion less expensive to the state than the previous four-year agreement reached in 2007.

"I applaud CSEA's leadership for their hard work to reach this deal which is a win-win for CSEA members and the State of New York," Governor Cuomo said. "This tentative contract, if adopted by the other bargaining units, means layoffs needed to achieve needed workforce savings would be avoided. CSEA members are the backbone of state government, responsible

for delivering services to 19 million New Yorkers. I commend the union and its leadership for making a significant contribution to help get the state's fiscal house in order and making the shared sacrifices these difficult times require. Working together, we will turn this state around and get our economy moving once again."

CSEA President Danny Donohue said "These are not ordinary times and CSEA and the Cuomo Administration have worked very hard at the bargaining table to produce an agreement that balances shared sacrifice with fairness and respect. CSEA stepped up to help produce the Labor savings that Governor Cuomo sought while the Governor responded to CSEA's concerns about job security along with a wage and benefit package that recognizes the pressures on working people. I have known Governor Cuomo for many years and I know that his commitment to organized labor and working families is deeply held and second to no one."

Base Wages: Under the five year agreement, there will be no general salary increase in Fiscal Year 2011-12; 2012-13; 2013-14. Employees will receive a 2 percent increase in 2014-15 and 2015-16.

Projected savings: The 2011 wage agreement is \$2.5 billion less costly to the state than the 2007 agreement, if adopted through the state workforce.

Health Care System Redesign: The agreement includes a series of reforms in the employee health care system which saves \$61 million annually in the CSEA contract and \$263 million over the contract term. If adopted by all bargaining units, these reforms would save \$1.27 billion. The components of the health system redesign are:

Health Care Contributions: The agreement includes substantial changes to employee health care contributions bringing public employee benefits more in line with the private sector. The contribution for health care benefits have not changed in 30 years, while the cost of the

state's health care program has increased 100 percent in the past decade. The agreement reflects a two percent increase in contributions for Grade 9 employees and below, and a six percent increase for Grade 10 employees and above. (Under the agreement, for example, the state will pay 69 percent of family coverage for a Grade 10 employee and above, and the employee will pay 31 percent. The prior split was 75 percent state/25 percent employee. For individual coverage, a Grade 10 employee and above will pay 16 percent and the state share will be 84 percent. The prior split was 10 percent employee/90 percent state).

Savings: The CSEA agreement results in \$30 million in annual savings from this provision, and \$141.7 million over the contract term. If adopted for the entire workforce, this change will save \$165 million per year, and \$764 million over the term of the contract.

Health Care Opt Out: For the first time, the state is offering an opt-out option. Health care premiums cost \$16,600 for family coverage and \$7300 for individual coverage. Employees electing to opt out of the health insurance program must provide proof of alternative coverage and will receive \$1000 or \$3000 for the cessation of individual or family coverage, respectively. This will save the state thousands of dollars for each employee who opts out.

Savings: The opt-out will save \$7.3 million annually and \$31 million over the contract term for CSEA alone. The opt-out achieves \$21.6 million in annual savings, and \$91.8 million over the five year term if adopted statewide.

Health Benefit Redesign: The health benefit plan system of co-pays, deductibles, and programs has been redesigned to encourage healthy choices and control costs of pharmaceutical products. For example, for the first time the plan will cover the use of nurse practitioners and "minute clinics" and encourage employees to use these services when appropriate instead of hospital emergency rooms.

Savings: The CSEA savings for this provision are \$22.3 million annually and \$95.7 million over the contract term. If adopted by all bargaining units, these changes generate \$85.5 million annually when adopted statewide, and \$361.4 million over the term of the contract.

Deficit Reduction Leave: Under the agreement, employees will take a five day unpaid deficit reduction leave during fiscal year 2011-12 and four days unpaid leave during fiscal year 2012-13. The value of the days taken not worked will be deducted from employee pay over the remaining pay periods equally during the fiscal year in which they are taken. Employees will be repaid the value of the 4 days from 2012-13 in equal installments starting at the end of the contract term. Savings: The furloughs will yield \$360 million in savings if adopted by all bargaining units.

Performance advances, longevity and retention payments: Performance advances and longevity payments will continue to be in effect. Current employees who remain active through 2013 will earn a onetime retention payment of \$775 in 2013 and \$225 in 2014 in recognition of working without a wage increase for three years.

Patient Abuse Reforms: Both CSEA and the State agree that the system in place for investigating allegations of abuse of patients at state facilities does not adequately protect our most vulnerable population in state care. While CSEA employees are dedicated caretakers, allegations of abuse must be dealt with thoroughly. Under the agreement, the State and CSEA will take a number of steps to improve the quality of care, including creating a completely new Select Panel on Patient Abuse with A-list arbitrators and creating a table of penalties for increasingly severe acts of misconduct, along with a number of other reforms.

Review of Temporary Employees: The State and CSEA will form a joint committee to review the use of temporary employees and contractors and make recommendations to the Division of Budget and Department of Civil Service.

Layoff Protection: CSEA employees will receive broad layoff protection for fiscal year 2011-12 and 2012-13 arising from the \$450 million budget gap. Workforce reductions due to management decisions to close or restructure facilities authorized by legislation, SAGE recommendations or material or unanticipated changes in the State's fiscal circumstances are not covered by this limitation.

The tentative agreement must be ratified by CSEA rank and file members.

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