



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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October 1, 2020

Sent via email only

TO: David Schumacher, Director
Office of Financial Management

FROM: Franklin Plaistowe, Assistant Director
State Human Resources

A handwritten signature in blue ink, appearing to read "F. Plaistowe".

**SUBJECT: OFFICIAL 2021–23 COLLECTIVE BARGAINING SUBMITTAL –
RCW 41.56 AND 41.80 STATE EMPLOYEES**

This memorandum is the official collective bargaining status report and submittal for the 2021–23 contract period, per chapters 41.56 and 41.80 RCW. Below is a summary of the priorities and outcomes of collective bargaining, including negotiated agreements and agreements reached through interest arbitration awards.

Employer costs are provided by collective bargaining agreement in the attached financial submittal.

Guiding principles

The state engaged in negotiations with the labor organizations representing state employees with recognition of both the ongoing global health care pandemic and significant budgetary challenges facing the state. As reflected in the agreements below, our objective was to capture savings while maintaining the current level of benefits. Through robust negotiations and arbitration proceedings, we gained valuable insight into the perspectives and priorities of our employees. The resulting tentative agreements:

- Achieve savings by implementing furloughs, which will help minimize workforce reductions, protect levels of public service and preserve progress made in past years on structural elements aimed at addressing competitiveness in compensation.
- Accomplish the cost savings with the objective of minimizing impacts to employees working on the front lines during the COVID-19 pandemic.
- Maintain the employer and employee health care premium cost split so employees will not be impacted by increased health care costs.

The use of furloughs helps address the state's projected revenue shortfall and reduces the need for permanent layoffs that could have negative impacts on public service levels and overall workforce morale during a time when employees and their families face increased stress due to the pandemic. Additionally, the furlough approach does not permanently affect the wage structures contained in the salary schedules. This ensures we will not lose ground on the structural work that has been achieved over the past years to work towards competitive salaries.

Health care

The state reached a health care agreement with the coalition of unions to maintain the contribution of 85 percent of the total weighted average of the projected health care premiums. Employees will continue to contribute 15 percent of the premium on a weighted-average basis across all plans and tiers.

Eligible enrolled subscribers who register for the SmartHealth Program will continue to have the option to earn an annual \$125 wellness incentive in the form of a reduction in the medical deductible or a deposit into the Health Savings Account by completing required program activities.

Employees with a full-time equivalent base salary of \$50,004 or less will continue to receive an annual \$250 payment to a medical flexible spending arrangement. Employees must meet certain criteria to be eligible for the payment.

Additional Details on negotiated agreements and interest arbitration awards

The contractual terms described below are a result of negotiated agreements or interest arbitration awards. In some cases, the parties reached tentative agreements in the course of bargaining on specific economic provisions, with the remaining issues being decided through interest arbitration. In those cases, the interest arbitration awards contain the remainder of the economic provisions. The costs of these are outlined by collective bargaining agreement in the attached financial submittal.

General government

The information below provides an overview of key terms of the negotiated agreements and identifies bargaining tables where the parties did not reach agreement. General government interest arbitration awards containing economic provisions are also summarized below and detailed in the submittal.

Agreements subject to 24 furlough days for employees who do not require backfill

- Washington Federation of State Employees - General Government
- Service Employees International Union Healthcare 1199NW

- Washington Association of Fish and Wildlife Professionals
- PROTEC 17
- The Coalition of unions (with fewer than 500 employees in each union)
- Association of Washington Assistant Attorney Generals-WFSE
This is the second collective bargaining agreement with this bargaining unit. Minor modifications were made, and any associated costs are not included within the submittal. The agency will not receive additional funding for these changes. Designated positions will take the required 24 furlough days.
- Washington Federation of State Employees – Administrative Law Judges
This is a new collective bargaining unit. This bargaining unit was granted collective bargaining rights during the 2020 legislative session. Negotiated terms include placement onto the Washington general government standard progression salary schedule including periodic increments. Designated positions will take the required 24 furlough days.

Bargaining tables where the parties have not reached agreement

As of October 1, 2020, agreements have not been reached with the following labor organizations:

- Washington Public Employees Association - General Government
- International Brotherhood of Teamsters Local 117 (Department of Correction and Department of Enterprise Services)
 - During the course of collective bargaining and prior to the parties entering interest arbitration for the Department of Corrections bargaining unit, the labor organization filed a matter with the Public Employment Relations Commission resulting in the delay of the scheduled interest arbitration.

Washington State Patrol

The State reached agreements with the Washington State Patrol commissioned officers associations. The agreements do not include general wage increases. The agreement includes an ability by either party to request to reopen the compensation article of the 2021–23 agreement for the purpose of bargaining the base rate of pay for fiscal year 2023.

- Washington State Patrol Lieutenants and Captains Association
- Washington State Patrol Troopers Association

Department of Fish and Wildlife

The state reached agreement with the Department of Fish and Wildlife Sergeants association (Teamsters 760). The Fish and Wildlife Officers Guild agreement is the result of an interest arbitration award that contains economic provisions as summarized below and detailed in the submittal.

- Teamsters Local 760
The agreement does not include a general wage increase. The parties agreed to form a committee to review and discuss possible changes to the current classification and compensation structure of the Fish and Wildlife Enforcement classes. In addition, the agreement can be reopened at the request of either party to negotiate compensation for fiscal year 2023.
- Fish and Wildlife Officers Guild
The interest arbitration award does not include a general wage increase, however it does include the option for either party to request to reopen the compensation article for the purpose of bargaining the base rate of pay for fiscal year 2023. The arbitration award also provides for an education incentive for employees who have obtained an Associate's Degree (2% of base pay) or Bachelor's Degree (4% of base pay), increased opportunities to work on holidays and receive holiday pay, and workers compensation top-off pay equivalent to the LEOFF II supplement. The parties also agreed to increase the clothing allowance for qualifying employees by \$100 per year per employee.

Community College Coalition Bargaining Tables

- Washington Federation of State Employees - Higher Education Community College Coalition
The parties reached an agreement that does not include specified furlough days. However, the community colleges will see a reduction in their operating budgets commensurate with the furlough savings of covered employees and will be expected to accomplish the savings locally.
- The State and the Washington Public Employees Association- Higher Education Community College Coalition did not reach an agreement.

cc: Pat Lashway, Deputy Director, OFM
Nona Snell, Assistant Budget Director, OFM
Roselyn Marcus, Assistant Director, OFM Legal & Legislative Affairs
Scott Nicholson, Deputy Assistant Director, State HR
Diane Lutz, Section Chief, State HR

Attachment: Financial Submittal

2021-23 Cost of Interest Arbitration Awards and Tentative Agreements^{1, 2, 3, 4}

OFM, State Human Resources Division

	General Fund-State \$		Other Funds \$		Total \$		2021-23
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	Biennial \$
General Government RCW 41.80	(31,538,757)	(13,741,452)	(64,233,811)	(40,011,496)	(95,772,567)	(53,752,947)	(149,525,511)
Association of Washington Assistant Attorney Generals - WFSE	(463,432)	(377,903)	(2,950,821)	(2,381,150)	(3,414,252)	(2,759,052)	(6,173,303)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	71,274	156,803	474,726	1,044,397	546,000	1,201,200	1,747,200
Temporary layoff days - total of 24 days; taken 1 per month	(549,978)	(549,978)	(3,527,753)	(3,527,753)	(4,077,731)	(4,077,731)	(8,155,461)
Change of existing annual increase date for members of bargaining unit prior to implementation to date of AAG appointment from agency hire date ⁵	15,272	15,272	102,206	102,206	117,479	117,479	234,958
Coalition of Unions	(1,502,641)	(1,165,277)	(1,915,298)	(1,365,832)	(3,417,939)	(2,531,109)	(5,949,046)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	236,792	520,942	457,888	1,007,354	694,680	1,528,296	2,222,976
Temporary layoff days - total of 24 days; taken 1 per month	(1,765,196)	(1,765,196)	(2,373,186)	(2,373,186)	(4,138,382)	(4,138,382)	(8,276,763)
Coalition - MM&P DOC marine vessel operators range increase	25,763	78,977	-	-	25,763	78,977	104,741
PROTEC 17	(6,364)	(3,945)	(6,657,348)	(4,431,079)	(6,663,712)	(4,435,024)	(11,098,736)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	2,016	4,435	1,855,224	4,081,493	1,857,240	4,085,928	5,943,168
Temporary layoff days - total of 24 days; taken 1 per month	(8,380)	(8,380)	(8,512,572)	(8,512,572)	(8,520,952)	(8,520,952)	(17,041,904)
Service Employees International Union Local 1199NW	(441,707)	482,993	(795,729)	(476,557)	(1,237,436)	6,436	(1,231,001)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	770,583	1,695,283	265,977	585,149	1,036,560	2,280,432	3,316,992
Temporary layoff days - total of 24 days; taken 1 per month	(1,212,290)	(1,212,290)	(1,061,706)	(1,061,706)	(2,273,996)	(2,273,996)	(4,547,993)
Washington Association of Fish and Wildlife Professionals	(859,392)	(542,698)	(1,531,596)	(897,746)	(2,390,988)	(1,440,444)	(3,831,432)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	263,911	580,605	528,209	1,162,059	792,120	1,742,664	2,534,784
Temporary layoff days - total of 24 days; taken 1 per month	(1,123,303)	(1,123,303)	(2,059,805)	(2,059,805)	(3,183,108)	(3,183,108)	(6,366,216)
Washington Federation of State Employees	(28,265,221)	(12,134,622)	(50,268,977)	(30,589,220)	(78,534,198)	(42,723,842)	(121,258,039)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	13,441,567	29,567,351	16,415,990	36,116,657	29,857,557	65,684,008	95,541,566
Temporary layoff days - total of 24 days; taken 1 per month	(41,706,788)	(41,701,973)	(66,684,967)	(66,705,877)	(108,391,755)	(108,407,850)	(216,799,605)
Washington Federation of State Employees - Administrative Law Judges	-	-	(114,042)	130,088	(114,042)	130,088	16,046
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	75,600	166,320	75,600	166,320	241,920
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(507,658)	(507,658)	(507,658)	(507,658)	(1,015,316)
Salary schedule placement for new contract implementation	-	-	318,016	471,426	318,016	471,426	789,442

	General Fund-State \$		Other Funds \$		Total \$		2021-23
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	Biennial \$
Higher Education RCW 41.80	850,136	1,870,300	1,225,322	2,694,322	2,075,458	4,564,621	6,640,079
Washington Federation of State Employees – Community College Coalition	850,136	1,870,300	1,225,322	2,694,322	2,075,458	4,564,621	6,640,079
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	850,136	1,870,300	1,225,322	2,694,322	2,075,458	4,564,621	6,640,079

1 Pension Assumptions Source: Office of the State Actuary, 2021-23 Expected Employer Contribution Rates, Adopted August 2020

PERS Plans 1, 2, & 3: 10.25%

PSERS: 10.39%

2 Social Security and Medicare Source: IRS Publication 15 (2018), Circular E, Employer's Tax Guide

The employer contribution in 2020 is 6.2% for Social Security and 1.45% for Medicare. We assume no change to these percentages in the 2021-23 biennium.

3 The employer contribution for Washington Family Medical Leave Program in 2020 is 0.15%. We assume no change to this percentage in the 2021-23 biennium.

4 Health care assumptions from the Health Care Authority PFPM 3.0 model.

The following funding rates are required to meet the 85% employer / 15% employee cost share agreed to in the collective bargaining agreement:

FY 2022: \$1,046 per employee, per month

FY 2023: \$1,130 per employee, per month

5 The Association of Washington Assistant Attorneys General contract was a new contract during the second fiscal year of the 2019-21 biennium. The change in contract language, while has a fiscal impact, is a minor change that will not result in additional funding to the agency.

2021-23 Cost of Interest Arbitration Awards and Tentative Agreements^{1, 2, 3}

OFM, State Human Resources Division

	General Fund-State \$		Other Funds \$		Total \$		2021-23
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	Biennial \$
Department of Fish and Wildlife RCW 41.56	316,046	272,443	567,552	489,447	883,598	761,889	1,645,488
Fish and Wildlife Officers Guild	316,046	272,443	567,552	489,447	883,598	761,889	1,645,488
<i>Interest Arbitration Award</i>							
Change in eligibility to receive overtime for working on or near a legal/designated holiday	158,059	159,553	285,503	287,889	443,562	447,441	891,004
LEOFF 2 disability top off premium	<i>Indeterminate fiscal impact</i>						
New education incentive: 4% for bachelors degree and 2% for associates degree	157,726	112,629	281,518	201,027	439,244	313,656	752,900
<i>Labor Relations Negotiations</i>							
Annual clothing allowance increase to \$450 from \$350 for detectives	261	261	531	531	792	792	1,584

1 Pension Assumptions Source: Office of the State Actuary, 2021-23 Expected Employer Contribution Rates, Adopted August 2020

LEOFF2: 5.33%

2 Social Security and Medicare Source: IRS Publication 15 (2018), Circular E, Employer's Tax Guide

The employer contribution in 2020 is 6.2% for Social Security and 1.45% for Medicare. We assume no change to these percentages in the 2021-23 biennium.

3 The employer contribution for Washington Family Medical Leave Program in 2020 is 0.15%. We assume no change to this percentage in the 2021-23 biennium.