



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 47.64 WASHINGTON STATE FERRIES**

This memorandum serves as the official collective bargaining status report and submittal for the 2021–23 contract period, per chapters 47.64 and 41.80 RCW. Below is summary-level detail about the priorities and outcomes of collective bargaining, including negotiated agreements and terms awarded through interest arbitration.

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

Guiding Principles

The state approached its negotiations with the labor organizations representing employees of the Washington State Ferries with the recognition of both the global health care pandemic and significant budgetary challenges facing the state. 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, where practical, which will help minimize workforce reductions, protect levels of public service and preserve progress made in the past years on structural elements aimed at addressing competitiveness in compensation.
- Provide for measures to ensure we have adequate staff to provide service for the traveling public.
- Maintain the employer and employee health care premium cost split so employees will not be impacted by health care costs.

Furloughs for some Washington State Ferry staff would not result in savings to the state because their absence would result in the employer calling in another employee to work to ensure the ferry had sufficient staffing and support. However, wherever appropriate, the agreements here provide for furloughs. 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 Health Care 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 upon successful completion of required SmartHealth 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.

Negotiated agreements and interest arbitration awards

The contractual terms described below are a result of negotiations 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.

Unless specified differently below, negotiated agreements include the requirement that positions designated by the employer as not requiring backfill take 24 furlough days over the biennium. Other economic provisions awarded through interest arbitration awards or as a result of negotiations are summarized below and detailed in the submittal.

Washington State Ferries – Subject to 24 Furloughs Days

- Ferry Agents, Supervisors, and Project Administrators Association
- Inlandboatmen's Union of the Pacific *Fleet employees are not subject to furlough days.*

- International Organization of Masters, Mates & Pilots--Watch Center Supervisors
Includes only the positions of Fleet Facility Security Officers and Workforce Development Leads.
- Marine Engineers' Beneficial Association--Port Engineer Employees
- Office and Professional Employees International Union Local 8
Bid Administrator, Dispatch, Dispatch Coordinator, and Relief Dispatch positions are not subject to furlough days.
- Pacific Northwest Regional Council of Carpenters
- Service Employees International Union Local 6

Washington State Ferries – Not Subject to Furlough Days

- International Organization of Masters, Mates & Pilots--Masters
- International Organization of Masters, Mates & Pilots--Mates
- Marine Engineers' Beneficial Association--Licensed Engineer Officers
- Marine Engineers' Beneficial Association--Unlicensed Engine Room Employees

Puget Sound Metal Trades Council

The interest award imposed a 1.9% general wage decrease for this bargaining unit from July 1, 2021 – June 30, 2022, and exempted these employees from the furlough requirement.

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 \$
DOT/Washington State Ferries RCW 47.64	-	-	(573,544)	1,295,589	(573,544)	1,295,589	722,043
Ferry Agents, Supervisors, Project Administrators Associations	-	-	(136,322)	(93,986)	(136,322)	(93,986)	(230,308)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	35,280	77,616	35,280	77,616	112,896
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(171,602)	(171,602)	(171,602)	(171,602)	(343,204)
Inlandboatmen's Union of the Pacific	-	-	(635,287)	280,985	(635,287)	280,985	(354,302)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	763,560	1,679,832	763,560	1,679,832	2,443,392
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(1,398,847)	(1,398,847)	(1,398,847)	(1,398,847)	(2,797,694)
Intl Organization of Masters, Mates and Pilots – Masters	-	-	60,480	133,056	60,480	133,056	193,536
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	60,480	133,056	60,480	133,056	193,536
Intl Organization of Masters, Mates and Pilots – Mates	-	-	145,474	252,322	145,474	252,322	397,796
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	89,040	195,888	89,040	195,888	284,928
MM&P mates uniform allowance no longer prorated	-	-	1,405	1,405	1,405	1,405	2,810
MM&P second mates 2% increase	-	-	55,029	55,029	55,029	55,029	110,058
Intl Organization of Masters, Mates and Pilots – Watch Center Supervisors	-	-	(62,954)	(48,842)	(62,954)	(48,842)	(111,797)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	11,760	25,872	11,760	25,872	37,632
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(74,714)	(74,714)	(74,714)	(74,714)	(149,429)
Marine Engineers' Beneficial Association Licensed Engineer Officers	-	-	171,360	376,992	171,360	376,992	548,352
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	171,360	376,992	171,360	376,992	548,352
Marine Engineers' Beneficial Association Port Engineers	-	-	(36,711)	(30,663)	(36,711)	(30,663)	(67,373)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	5,040	11,088	5,040	11,088	16,128
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(41,751)	(41,751)	(41,751)	(41,751)	(83,501)
Marine Engineers' Beneficial Association Unlicensed Engineer Employees	-	-	177,240	389,928	177,240	389,928	567,168
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	177,240	389,928	177,240	389,928	567,168
Office of Professional Employees International Union Local 8	-	-	(126,209)	(71,777)	(126,209)	(71,777)	(197,987)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	45,360	99,792	45,360	99,792	145,152
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(171,569)	(171,569)	(171,569)	(171,569)	(343,139)

	General Fund-State \$		Other Funds \$		Total \$		2021-23
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	Biennial \$
Pacific NW Regional Council of Carpenters	-	-	(61,302)	(41,142)	(61,302)	(41,142)	(102,445)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	16,800	36,960	16,800	36,960	53,760
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(78,102)	(78,102)	(78,102)	(78,102)	(156,205)
Puget Sound Metal Trades Council	-	-	(61,453)	151,536	(61,453)	151,536	90,083
<i>Interest Arbitration Award</i>							
General wage decrease of 1.9% from July 1, 2021 - June 30, 2022	-	-	(130,333)	-	(130,333)	-	(130,333)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	68,880	151,536	68,880	151,536	220,416
Service Employees International Union Local 6	-	-	(7,860)	(2,820)	(7,860)	(2,820)	(10,680)
<i>Labor Relations Negotiations</i>							
Health care 85% employer / 15% employee	-	-	4,200	9,240	4,200	9,240	13,440
Temporary layoff days - total of 24 days; taken 1 per month	-	-	(12,060)	(12,060)	(12,060)	(12,060)	(24,120)

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%

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