TEA Wastewater Staff and Supervisors

Dear Members,

Thank you for everyone who could attended TEA's March Monthly meeting last Wednesday and let the TEA Board know your concerns and interests. Health care, as well as the ever escalating cost of living, are at the very top of the list. TEA members also want more information and multiple forms of communications. We appreciated being able to have a balanced discussion and hear multiple points of view in an open meeting forum.

Health Care

You recently received a County mailer to your home that, in a footnote, stated the 2019 Healthy Incentives replacement plan is only available to the unions who signed on to the 2017-2018 total compensation agreement the County reached with the Total Compensation Coalition. TEA is one of two unions that did not sign that agreement, and you are probably wondering what you need to do for benefits eligibility next year. **No action** is required for continued health benefits in 2018, and no changes will occur for you this year. You do not need to participate in a survey, or perform an action plan this year to achieve benefits eligibility in 2019.

May members have heard that the County is taking away the current health care plan beginning in 2019 and have expressed urgent concern to the Bargaining Team. However, the County cannot unilaterally take away health insurance. Were it to try, TEA would immediately take legal and political action on that decision.

It is true that the County's current bargaining strategy is to take an aggressive position against our health insurance benefits. During the most recent round of contract negotiations, the County proposed to remove TEA members from the JLMIC (Joint Labor Management Insurance Committee) plans and give TEA a fixed payment per employee to purchase health care on the open market. That proposal is far less than the County actually collects from the Departments for health care, and is inadequate. Everyone else in the County, including non-represented staff, will be continued in the JLMIC plans for Regence, Kaiser-Permanente, or the newly crafted ACN plans. Aggressive posturing is often part of the back-and-forth of the collective bargaining process. I encourage you not to be overly distressed by the County's proposals at this point. After all, part of the County's strategy may be to try and sow discord within TEA.

So, here we are. We cannot guarantee what medical benefits you will have in 2019 until bargaining is concluded. We view the County proposal to make TEA find independent insurance as some form of retaliation by the County because we objected to their improper bargaining away of medical reserve fund increases.

We are heading to mediation on the Contract in June to move Contract bargaining along. We have proposed that TEA remain in JLMIC, and TEA's expectation is that, at the end of the day, you will remain on the current County benefit plans. Although our latest proposal to the County would have settled the JLMIC Unfair Labor Practice (ULP) and grievance in exchange for a contract for TEA and similar concessions for signing the improper agreement, the County has refused either to consider our settlement offer, or even to mediate the ULP and grievance. The County apparently wants to have its day in court. It's a risky move for the County. They could be directed to restore the status quo of 4% annual increases in medical funding rate for 2017 and 2018, and be forced to generate $12 million they don't currently have to make the Protected Fund Reserve whole. The arbitrator could cancel the entire Total Compensation Agreement and force all of the parties back to the bargaining table. The County demands to bargain the JLMIC reserve fund ULP separately, and that is being scheduled for September.

(Many members have questions about why health insurance has become such an acrimonious issue between TEA and the County. Attached is a detailed history of disagreement on that issue.)

Wage Increases

Another question that many members have is what economic package is the County offering TEA and, conversely, what TEA is requesting. The following chart addresses the current bargaining positions as to COLA or general wage increase (GWI) for a 4 year contract.

	KC offer to TEA	TEA's Request	Coalition Received	In WTD Budget
2017	1.75	2.25	2.25	2.25
2018	2.25	3.0	3.25	2.75
2019	2.7	COLA based TBD	-	
2020	2.25	COLA based TBD	-	

Economic data shows that certain groups are substantially behind the market. TEA is requesting that the following classifications be given general wage increases in addition to overall COLA increases.

Capital Project Managers	I – 57; II – 62; III – 69; IV - 72
Engineers	Entry-60; Journey-64; Principal-71; Senior-68; WW Engineer VI-74
Project Control Engineers	I – 55; II – 60; III – 64; IV-68

Inexplicably, the County refused to consider these increases across the board. The County also refuses to correct the wage disparity between various supervisors' classification ranges, even though the supervisors perform comparable work in managing staff. TEA sees all supervisors as equals and they need equal pay, at the proposed rate of step 75.

There is another meeting called by TEA staff members for the King Street Center 8th Floor Conference Room on March 28, 1:00 to 2:30. This is not a TEA Board meeting, but TEA Board representation will be there to answer your questions.

The TEA Wastewater Bargaining Team appreciates your involvement, support and solidarity in this difficult stage of negotiations for your labor contract. The Bargaining Team will update you further when we know more.

Roger Browne, Alton Gaskill, Mike Sands,
TEA Wastewater Bargaining Team

Joint Labor Management Insurance Committee (JLMIC) History

So, how did we arrive in this particular place? TEA joined the JLMIC in 2012 as an active member. Prior to that time, we would be moved onto the benefit plans JLMIC had bargained with the County only when we signed our subsequent Collective Bargaining Agreement. In 2011, the County made a concerted effort to bring other unions like TEA into the JLMIC family where all would benefit from the lower insurance costs available to a larger pool of insured members. Most of the County workforce is now covered by a JLMIC-bargained plan.

JLMIC is chartered to bargain medical benefit plans and the County signs an exclusive agreement with them to do just that on behalf of all unions in the JLMIC medical plans.

Each year, the JLMIC considers changes in the plans in order to keep costs at reasonable levels. Likewise, each year the County reaches agreement with the JLMIC regarding a funding rate it will assess against each Department in order to cover projected health care costs for the year. That money goes into a pool, and the County pays actual expenses from that pool of money. Every surgery, medicine, the cost of health care plans and administration, fixed amounts for your dental insurance and vision plan all are paid out of that pool. The County employs a consultant to project medical cost increases for the coming year, and this information is considered when setting the funding rate for the next year.

However, by 2010, medical increases were reaching 10% or more each year. In answer, the County employed the Healthy Incentives Program in an attempt to have employees focus more on their individual health, and hopefully, to save the County money. It worked. By 2012, the program had saved the County some $60 million of the money it had collected from the Departments. However, the savings potential was nearing an end. The County wanted certainty about its budget, and the medical care costs were not very predictable.

A new scheme was crafted by the County and JLMIC to change health care from a defined benefit to a defined contribution. Beginning with the 2014-2016 JLMIC Agreement, $25 million of that savings was placed into a Protected Fund Reserve that would be used to guard against medical care costs that were higher than the County actually collected from the Departments. For each of the three years of that agreement, the County agreed to increase the amount it collected to cover your health care costs by 4% over the rate for the previous year, but not more. In the event that this was more money than needed to pay actual costs, the balance would be added to the Reserve. If costs were higher than projected, then the Reserve would pay the difference. Because medical expenses were projected to increase more than 6% each year for that period, it was anticipated by the County and the JLMIC that the Reserve would last only 3-4 years without further changes.

As it happened, the JLMIC made changes that improved this performance. The County negotiated cheaper pharmacy benefits. Actual medical expenses were less than expected. And the Reserve grew. By 2016, the Reserve was projected to be more than $40 million.

In 2015, JLMIC began crafting benefits for 2017/18 and the next JLMIC agreement. At the same time, the County was bargaining a “Total Compensation” model with the unions that are funded by tax revenues. Under that model, a coalition of unions jointly negotiate a master agreement for big economic items like wages and healthcare. Tax revenues are limited by a property tax initiative and can't always be adjusted to keep up with inflation. The County told those unions that they needed to balance COLA increases with Medical increases because there was a limited amount of revenue to fund them. By comparison, wastewater raises its rates every two years to fund its obligations, and does have some ability to keep pace with inflation.

During JLMIC bargaining in July 2015, the County floated an idea: Total Compensation bargaining might need to send the benefit package back to JLMIC for adjustment if there was not enough money for the Total Compensation unions to fund other needs. I objected, pointing out that this would mean those other unions were, in effect, bargaining our benefits, and not the JLMIC. There would be no point for the unions not affected by Total Compensation to continue in JLMIC. The County chair for JLMIC told the union representatives at the JLMIC "well, then we will never do that". What happened next was actually worse.

A County negotiator for both JLMIC and Total Compensation hatched a plan that he presented to his bargaining strategy team in October of 2015. He would take up to $16 million from the Reserve and use it to fund the cost of total compensation. The County strategy team agreed to this plan. The problem with his plan was that those funds were only to be used for medical costs unless otherwise agreed by the JLMIC. But the plan was never presented to JLMIC. Further, his plan would only benefit the unions included in total compensation. But the Reserve was funded and maintained to protect the medical costs of **all** of the JLMIC unions. As a consequence, those funds belonged to all of the JLMIC unions, including TEA.

Over in total compensation bargaining, and without the approval or ratification of JLMIC, the County and the total compensation unions forged a new 2017-2018 agreement which changed medical benefits for all of the County. **This was in direct violation of the 2014-2016 JLMIC agreement then in effect which granted benefits bargaining for JLMIC unions to JLMIC exclusively.** The total compensation parties agreed to a 0% increase in the medical funding rate for 2017 over the amount funded in 2016, projecting a nearly $12 million dollar decrease to the Reserve over the 2017-2018 period as a result. The County offered the Total Compensation unions a 1.75% general wage increase for 2017, and a 0.5% bonus wage increase if they signed the Total Compensation tentative agreement, which included this 2017-2018 medical benefits agreement. The Total Compensation agreement also extended a 1.75% general wage increase for 2018 to those unions that signed the agreement, and a further 1% bonus wage increase if all of them agreed to a Master Labor Agreement which had not yet been crafted. In order to get the bonus, they would have to agree in advance to contract language they did not yet know.

In October 2016, just a few days after the total compensation unions agreed to this plan by tentative agreement, the County brought the medical benefits agreement to the JLMIC to get their approval. I asked Megan Pedersen how this would affect the future of JLMIC and the protected fund reserve. Were they breaking up the fund? Or JLMIC? Megan did not have any answers, but indicated the unions who did not sign the total compensation agreement would have to reach agreement at their individual bargaining tables. **Rather than hold a ratification vote at JLMIC for this new medical agreement, the item was pulled from the agenda and never mentioned at JLMIC bargaining again.**

TEA was offered an opportunity to sign on to this tentative agreement, if we did so within 30 days. We asked questions at the next bargaining session about the content of the MLA, but there was little information to share. We proposed a counter offer, which was rejected. We could not reach any clarity on exactly what was being offered and sometime later the County withdrew its offer. In December of 2016 the County asked TEA to sign the Total Compensation version of the medical agreement, without the compensation the other unions were given for doing so, which we rejected. On January 1, 2017 the County implemented its plan and TEA subsequently filed a grievance over the improper bargaining of the benefits and an unfair labor practice (ULP) over the withdrawal of the offer.