IGFOA ANNUAL CONFERENCE

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Public Sector Collective Bargaining in Illinois:

A Brief Overview

Collective bargaining
WHY must we do this?

- Illinois Public Labor Relations Act (IPLRA) –5 ILCS 315/1 *et seq*
  - Enacted in 1984;
  - Modeled after National Labor Relations Act, but instead covers public employees and employers

Collective bargaining
WHY must we do this?

- Scope & Jurisdiction - Originally provided that "public employers," including units of local government employing fewer than 25 employees would be exempted from coverage of the IPLRA.

Collective bargaining
WHY must we do this?

- "Employees" excludes elected officials, executive heads of departments, members of boards or commissions, and employees of any agency, board, or commission created by the IPLRA. Also excludes managers, short-term employees, confidential employees, independent contractors. *City of Robinson* decision (1 PERI 2001 – ISLRB 1985).

Collective bargaining
WHY must we do this?

- After *Robinson*, legislature increased this threshold to 35, but *in 2005 reduced this minimum to 5*.

Collective bargaining
WHAT must we do?

- IPLRA sets forth the basic obligation for both public employers and employees "to bargain collectively"
  - Obligations:
    - Must meet at reasonable times
    - Must negotiate in **good faith** as to wages, hours, terms and conditions of employment (i.e., **mandatory subjects** of bargaining)

Collective bargaining
WHAT must we do?

- **Mandatory subjects** exclude those matters solely in the purview of management rights (e.g., “areas of discretion or policy as the functions of the employer, standards of services, its overall budget, the organizational structure and selection of new employees, examination techniques and direction of employees.)
- Refusal to bargain in **good faith** is an unfair labor practice (ULP)

Collective bargaining
WHAT must we do?

- What is “good faith” bargaining?
- Requires honest effort to reach agreement. Failure or refusal to do so constitutes “bad faith” or “surface bargaining,” which is a ULP.
  - Example of “bad faith” – City made unacceptable economic concessionary proposals aimed to maneuver union into interest arbitration rather than engage in meaningful negotiations. *City of Springfield*, 5 PERI 2029 (ISLRB 1989).

Collective bargaining
Preparing for negotiations

- Typical cycle
  - Approximately 6 months prior to contract expiration, union serves their request to bargain
  - Approximately 3-4 months prior to contract expiration, negotiations begin

Collective bargaining
Preparing for negotiations

- Assemble your team
  - Typical management team: Representatives from City Manager's Office, HR, Legal, affected departments, and Finance

Collective bargaining
Preparing for negotiations

- Meet with your team and discuss interests and bargaining priorities, as well as attempt to anticipate what union might bring to the table
- Interests will drive what you propose and how you respond to what the union proposes

Collective bargaining
Preparing for negotiations

- BARGAINING INTERESTS AND PRIORITIES:
  - Affordability
  - Administrative manageability
  - Internal and external equity
  - Consistency with organizational goals

Collective bargaining
Preparing for negotiations

- BARGAINING INTERESTS AND PRIORITIES
  - Maintaining respectful and productive relationship with employee group, to extent possible
  - Represent the employer’s interests well
    - Being able to explain WHY
    - Presenting data in support of explanation

Collective bargaining
Preparing for negotiations

- BARGAINING INTERESTS AND PRIORITIES
  - Being positioned to deal with different endgames
    - Mediation
    - Strike or Interest arbitration
      - Sworn law enforcement, firefighters, fire paramedics, and correctional officers may NOT strike

Collective bargaining
Preparing for negotiations

- Part of being prepared for mediation, strike, or interest arbitration is being able to “sell” the agreement to your governing body, as well as the public;
- i.e., You must be prepared to justify the positions you’ve taken; financial data is crucial to this.

Collective bargaining
Preparing for negotiations

- As Bill and Chris will now explain more in depth, having Finance involved early on and in-depth in your collective bargaining planning and negotiations is integral for a variety of reasons, and will serve virtually every one of your organization's interests and priorities

Collective bargaining
WHY Finance?

- Knowledge of financial condition
  - Both Current and Long-Term
- Extent of impact
  - Wages and benefits are 65% of General Fund Expenditures in STC
- Accurate accounting of total costs
  - Don’t forget the roll-up

Collective bargaining
WHY Finance?

- Evaluation of outsourcing/insourcing proposals

- “Neutral” voice for operational issues
  - Process improvement

- Even if you can’t get to the table, try to become involved in the strategy sessions

Collective bargaining
Once you're in….

- Strategy Sessions
  - Provision administration issues
  - Payroll tax and pension implications
  - Internal equity issues with salaries and benefits between bargaining groups, non-unions employees, management, etc.
  - Understand financial impacts prior to "TA'ing" the proposals

- Financial presentation at first meeting?
  - Establish the tone
  - Use props

Collective bargaining
Once you're in….

- Preparation – things you should know:
  - Total payroll for the unit
  - Total number of members
  - Average hourly and overtime rates
  - Mix of members
    - Rank, Age, Years of Service Total and in Position
    - Tenure and step progression
  - Impact of 1% wage increase (wage and roll-up)
  - Cost of a day off
  - Pension normal cost

Collective bargaining
Once you're in….

- Preparation – things you should know:
  - Supplemental pay provisions
    - Longevity
    - Stipends, bonuses, clothing and equipment allowances, etc.
  - Health insurance costs and benefit provisions
    - Plan Selection Demographics
  - Participation levels in optional benefit programs, deferred comp, etc.

Collective bargaining
Once you're in….

- Be respectful and "a resource" for the bargaining team, understand that other interests and compromises may and be necessary that may not seem to make perfect financial sense
- Don't be hesitant to ask for time during negotiations to further analyze certain issues
- Document discussions that took place to be prepared in case issues come up again in the future
- Pick your Battles

Collective bargaining
Once you're in….

- Other Aspects to Consider
  - Financial analysis and presentation can become even more important if issues move to mediation or arbitration
  - Become familiar (if you aren't already) with all the different IRS fringe-benefit taxability issues
  - Start conversations very early in the process
  - Remember you may be the one best suited to articulate the long-term financial effects of contract proposals, don't be hesitant to articulate what those projections might be
- Questions?