With Layoffs Looming, PEF Reaches a Deal Mirroring CSEA's

By MARK TOOR | Posted: Monday, July 18, 2011 5:00 pm

Six days before layoffs were to start, the Public Employees Federation and the state announced a contract agreement July 16 that, with a three-year pay freeze, increased health-benefit costs and nine furlough days, is similar if not identical to the one reached three weeks earlier with the Civil Service Employees Association.

Howard Glaser, the Director of State Operations, rescinded the 742 layoff notices that had already gone out to state workers, most of them PEF members. The first 421 layoffs were to take effect July 22.

A Question of Ratification

Governor Cuomo had threatened as many as 9,800 layoffs if the state could not negotiate new contracts that saved it $450 million this year in labor costs. About 4,500 layoffs were removed from the table after the CSEA settled June 22. However, the jobs were saved conditional on ratification of the contracts by union members, which is not certain.

"This agreement reflects the financial reality of the times. I am pleased that we could avoid these layoffs, protect the workforce and the taxpayer," Mr. Cuomo said in a statement.

"This was a difficult agreement to reach, but with our members' jobs in peril and the state's fiscal hardship we've stepped up and made the necessary sacrifices," PEF President Ken Brynien said in his own statement. "The agreement will preserve our members' jobs and careers while bringing long-term fiscal stability to the state. We are confident this is the best agreement that could be negotiated in the current environment."

Details of the contract were not 100-percent clear. PEF and Mr. Cuomo were communicating only through statements over the weekend, and copies of the actual contract have not been released. The Cuomo-administration announcement provided these details on compensation, health benefits and unpaid leave:

The PEF agreement contains no raises for the first three years, followed by two years of 2-percent increases. Employees who are still on the payroll in 2013 will receive "retention payments" of $775 in 2013 and $225 in 2014. Performance advances and longevity payments remain in effect. These provisions are the same as in the CSEA contract.

Health Premiums Rise

On health-benefit premiums, PEF members in salary Grade 10 and above will pay 31 percent of the state's cost, up from 25 percent, for family coverage, and 16 percent, up from 10 percent, for individual coverage. The CSEA contract has the same provision. PEF members at Grade 9 and below will pay an additional 2 percentage points for both types of coverage; the announcement does not give specifics but the proposed CSEA contract, which has the same 2-point increase, would charge members 12 percent for individual coverage and 27 percent for family coverage.

(As it did in its announcement of the CSEA contract, the Cuomo administration characterized the cost increases as 6 percent for Grade 10 and above and 2 percent for Grade 9 and below. In truth, the increases are much higher. For example, 25 percent of $100 is $25. Thirty-one percent of $100 is $31. The actual $6 increase from $25 to $31 is 24 percent. For lower-paid employees, the increase for family coverage is 8 percent.)

As with the CSEA, the PEF contract proposal includes a new opt-out option where employees who do not participate in the state health plan, perhaps using a spouse's or parent's coverage instead, will receive $1,000 to $3,000 depending on the type of coverage, saving thousands of dollars for the state over the actual cost of the health plan.

The announcement on the PEF agreement says, "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." No other specifics or cost details were given. The CSEA contract proposal raises co-pays for non-generic prescription drugs from both mail-order and brick-and-mortar pharmacies.

Some Co-Pays Increase

The CSEA agreement increases co-payments for doctor visits from $15 to $20. Out-of-pocket costs rise from $515 to $1,500 for Grade 6 and below and $3,000 at Grade 7 and above. Other co-pays for hospital and radiological, cardiac, ambulatory-surgery and physical-therapy services do not change, although the state's original offer would have charged as much as $650 and limited reimbursement for visits that were deemed "non-urgent."

Like the CSEA agreement, the PEF proposal includes nine days of unpaid "deficit-reduction leave," five during the 2011-12 fiscal year and four in 2012-13. Employees would be repaid for four days "in equal installments starting at the end of the contract term."

The contract would give PEF's rank and file, like CSEA members, layoff protection for fiscal years 2011-12 and 2012-13. However, union members still can be laid off if facilities are closed, agencies combined or restructured or the state's financial picture deteriorates unexpectedly.

Assuming PEF received the same offer from the state that CSEA did, the state gave up demands to eliminate longevity payments and increments, add 11 more furlough days, eliminate the use of sick-leave credits to pay for health benefits in retirement, set out-of-pocket health-care costs at $5,000, charge a monthly premium of $25 to smokers and institute the draconian co-pays outlined above.

Members Speak Out

As occurred with the CSEA contract, hundreds of comments about the PEF contract were posted on the Albany Times Union message boards. Some urged a "yes" vote; others called it unacceptable. A sampling of the comments:

"I can't say anyone should vote NO, because my title will be in Wave 5 or 6 [of layoffs]. But this is unfair. Cuomo is taking advantage of workers' fears in a desperate economy caused by his Wall Street backers."

"PEF should vote this down and send their reps back with the message that fewer furlough days are a must. The layoff notices are a bully tactic."

"What happens in two or three years if the economy improves and we are stuck in the middle of a lousy five-year contract?...We are better off working under Triborough."

"Look around at our neighboring states and the nation, folks! This is a very reasonable deal."

"Don't vote no so you can get what...an extra 1 percent year?"

Where's the Shared Sacrifice?

"I'll do it if our illustrious Governor asks the gazillionaires in this state to do the same....you know, share the pain, as he is so fond of saying. Otherwise, stuff it."

"Folks, the last contract we had was hard to beat. Given the major economic downturn since 2008, we are very lucky to have the opportunity to ratify this contract."

"How could anyone vote against the deal, knowing that their colleagues one desk over stand to lose their jobs?!?"

"The no-layoff pledge is a freaking joke...There is ZERO layoff protections in this agreement."

"I am voting NO. I have no problem with no pay raise. I do however have a huge problem with being asked to take nine furlough days over two years...It affects both my husband and I and we cannot afford it."

“This contract is very bad. In order to protect 5,000, 51,000 have to take a pay cut.”

“Three years of zeros is not the problem. The significant increase in health-care costs sets the stage for regular givebacks in that area; combined with furloughs it’s a reduction in pay.”

Managers Threatened

While the layoffs of CSEA and PEF members are on hold, it was unclear as THE CHIEF-LEADER went to press whether members of the Organization of Management Confidential Employees who were notified they would be laid off would actually lose their jobs. Barbara Zaron, President of OMCE, said that she would meet July 19 with the Cuomo administration to clarify the issue.

What little information she has about the layoffs, she said, is coming anecdotally from members, and the state has not told OMCE much. “It’s kind of frustrating,” she said. “It makes it hard for all of us trying to represent the people we represent.”

A July 12 posting on the group’s website asks employees to call in if they have been notified they will be laid off.

If the layoffs go through, some members will be able to retreat to positions covered by PEF, bumping current employees, she said. And the openings left by OMCE members might be filled with Mr. Cuomo’s political appointees, she added.

OMCE is an association, not a union, and has no contract to negotiate.