

May 19, 2017

MEMORANDUM TO: President Pro Tem Priscilla Tyson
Finance Committee Chair

FROM: Joe A. Lombardi *JAL*
Finance and Management Director

SUBJECT: Financial Impact of Tentative AFSCME Contract

The 2017-2020 collective bargaining agreement between the City of Columbus and the American Federation of State, County, and Municipal Employees Local 1632 will be presented for City Council's acceptance. The agreement represents more than 2,500 full-time employees and over 200 part-time employees. The current collective bargaining agreement expired on March 31, 2017, and the succeeding agreement will be retroactive to April 1, 2017 and will be effective through March 31, 2020.

The stipulations contained in the agreement will have an aggregate cost of approximately \$34,008,896. The general fund portion of this cost is approximately 37% or \$12,669,025. The contract includes an across-the-board wage increase, a lump sum payment to compensate for the pension contribution reduction, and an increase in the service credit. Offsetting a portion of the increase in personnel costs is a decrease in the City's obligation associated with the employee share of pension contributions. The contract also includes increases in the employee's share of health insurance premiums, and changes to the plan designs of medical and prescription drug insurance coverages. The City will also incur additional costs associated with the addition of one personal day and a bereavement leave policy.

An across-the-board wage increase of 3% will be effective April 1st of each year for 2017 (retroactively) and 2018, and a 2% increase in the final year of the contract for 2019. This is partially offset by a corresponding decrease in the City's obligation associated with the employee share of pension contributions from 4% to 2% in year one, effective July 1, 2017, and from 2% to 0% in year two, effective April 15, 2018. Each of the employees receiving the reduction in the City's payment of the employee share of pension contributions will receive a lump sum payment of \$2,500 to full-time employees, and \$1,875 to part-time employees in each year of the reduction. Additionally, there will be a one-time increase of \$50 in each service credit tier effective for the term of the contract. The employee portion of medical insurance premiums for current employees will increase from 13% to 14% on April 1, 2018, and then from 14% to 15% on April 1, 2019. All new employees hired on or after June 1, 2017 will contribute 20% of medical insurance premiums.

The attached worksheet illustrates the costs and savings associated with the various stipulations contained within the proposed collective bargaining agreement. If you have any questions specific to the financial aspects of this contract, please contact John Laughman (645-6089), Lynn Beatty (645-6452) or myself.

Attachment

C: Andrew J. Ginther, Mayor
Greg Davies, Chief of Staff
Ken Paul, Deputy Chief of Staff
Nichole Brandon, Human Resources Director
Brooke Carnevale, Deputy Director Human Resources
Ron Linville, Chief Labor Negotiator
Michael Duco, Labor Relations Manager
Members of City Council



All Funds Fiscal Impact of AFSCME Contract 2017 - 2019

ATB 3-3-2	2017	2018	2019	2020 Q1	TOTAL CONTRACT COST
Across the Board - Full-time	\$ 3,668,877	\$ 8,548,493	\$ 11,996,345	\$ 2,999,086	\$ 27,212,802
Across the Board - Part-time	\$ 203,344	\$ 473,777	\$ 674,730	\$ 168,683	\$ 1,520,534
2% Pickup Reduction	(1,410,684)	(1,789,809)	(1,776,586)	-	\$ (4,977,079)
Net	\$ 2,461,538	\$ 7,232,461	\$ 10,894,490	\$ 3,167,769	\$ 23,756,257
Service Credit Increase	\$ 101,124	\$ 112,576	\$ 124,673	\$ -	\$ 338,373
Lump Sum Payment - Full-time	\$ 4,900,436	\$ 4,818,386	\$ -	\$ -	\$ 9,718,823
Lump Sum Payment - Part-time	\$ 98,546	\$ 96,896	\$ -	\$ -	\$ 195,443
Grand Total	\$ 7,561,645	\$ 12,260,319	\$ 11,019,163	\$ 3,167,769	\$ 34,008,896

General Fund Fiscal Impact of AFSCME Contract 2017 - 2019

ATB 3-3-2	2017	2018	2019	2020 Q1	TOTAL CONTRACT COST
Across the Board - Full-time	\$ 1,478,089	\$ 3,443,945	\$ 4,837,973	\$ 1,209,493	\$ 9,760,007
Across the Board - Part-time	\$ 105,183	\$ 245,084	\$ 348,031	\$ 87,008	\$ 698,298
2% Pickup Reduction	(534,393)	(677,466)	(672,293)	-	(1,884,152)
Net	\$ 1,048,879	\$ 3,011,563	\$ 4,513,711	\$ 1,296,501	\$ 8,574,154
Service Credit Increase	\$ 39,052	\$ 44,279	\$ 49,388	\$ -	\$ 132,719
Lump Sum Payment - Full-time	\$ 1,926,131	\$ 1,893,881	\$ -	\$ -	\$ 3,820,013
Lump Sum Payment - Part-time	\$ 71,670	\$ 70,470	\$ -	\$ -	\$ 142,140
Grand Total	\$ 3,085,733	\$ 5,020,193	\$ 4,563,099	\$ 1,296,501	\$ 12,669,025

