

Clerical Contract Negotiations – Thursday, August 18, 2011

135 Nicholson

Present—AFSCME 3800: Phyllis Walker, Rick Castillo, Cherrene Horazuk, Kurt Errickson, Ginger Nohl, Judy Borrell (via phone), Doug Sembla, Mary Snyder,
Absent: Polly Peterson, Mary Lou Middleton, Andy Carhart, Kem Tae Lynch.

Present—Management: Sherri Stone, Judith Karon, Valarie Watson, Dorothy Cottrell, Leslee Mason.

Negotiations began at 5:55 pm.

Kurt Errickson (union rep): I guess today we'd like to talk about the U's response to our info request. We've had a chance to study that and would like to share some of our findings with you. The give and take of data requests is really useful. Whenever you have factual information introduced into the decision making process, the quality of decisions gets better. We are pretty far apart. We want to get together and reach an agreement. Some of the information and follow-up questions I hope will lead us toward that process.

We are engaged in bargaining on the total package – economic and non-economic language issues. You've provided some useful information. We have unanswered questions that hamper our ability to bargain in good faith. We've proposed a cost of living increase, cash compensation for the furlough, and are not agreeing to any changes in steps. The employer has proposed zero increases for both years, wants to take away our steps, and is proposing dramatic increases to health care. Our understanding is that the U is basing this on the financial challenges facing the U. As I said on Monday, the legislative appropriation was going to be cut by \$70 million, but is now cut by only \$50 million. The bargaining situation has gotten better. One piece of evidence of the financial crisis were the furloughs we took. In our information request, we asked specifically for a breakdown on how much was saved through the furlough. We got no information back. No estimate of any cost savings for the furlough. Nor any estimate of costs for the furlough. No answer to either question. Our members went without pay, as did civil service. That money went somewhere. It got spent on something. We don't see the logic of an inability to pay if there is no data on costs associated with the furlough. Your response to our data request says central administration doesn't have any information or track departmental info on the furlough. We don't understand the logic of that response. The U, notwithstanding its unusual administrative structure and decentralization is an employer with a chief administrator and a governing board and legislative oversight. The fact that central administration doesn't have any idea what is happening on such an important topic is hard to swallow. How could central not know what is happening?

Sherri Stone (management rep): Central doesn't know. The money was allowed to be kept in the departments. Just like with budgets, central provides money to departments. They do what they need to do. The oversight from Pfutzenreuter's office is minimal. Central doesn't have a list of where departments spent the money.

Kurt (union): Then there is no accountability - only on the budget target and whether they are over or under? Departments have no responsibility to report?

Sherri (management): There is responsibility within the unit. They have oversight for ensuring decisions are made appropriately within the unit. People report up to the next level – HR reports to Kathy Brown, for example. Departments are expected to spend money in a fiscally responsible manner because it is taxpayer money.

Kurt (union) – So in your example, is Kathy Brown accountable to the president in any level of detail? Does the president know HR’s detailed budget - spend this much on HR and marketing, etc.? Is the president responsible for setting spending limits and details in central administration?

Sherri (management): When you say central, who are you referring to?

Kurt (union): The whole administrative structure that provides across the board support to the organization – Human Resources, labor relations, Pfitzenreuter’s office, legislative work, etc. Again, as an example, if Kathy Brown makes a report on spending, can he say I don’t like that?

Sherri (management): He can say that. So can the Board of Regents. In this situation, I don’t know what level of questions were asked. Central provides departments with their budget guidelines. Departments then develop their budgets and send them to Pfitzenreuter. The U doesn’t provide itemized budgets to the legislature. What the legislature gets is similar to what the president gets.

Kurt (union): What I’m getting at is that at the state, you have the governor who calls the shots. He says I want you to cut spending on transportation. He is the chief executive and as such, when he says do it, you do it. Apparently, that’s not the way it’s done at the U.

Sherri (management): Not at the U. Pfitzenreuter has his realm of control. Kathy Brown has hers, etc. The U is a very consultative organization. Coming from the private to the public sector, I had difficulty understanding this. The U is not like the private sector. My experience is that it’s very consultative.

Kurt (union): The U does not function at all like the rest of the public sector. In a city, the mayor makes decisions, etc.

Sherri (management): The Board of Regents provides philosophies, but not details. The President says what the U’s focus should be, “we’re going to be more efficient”, for example. Below him, people say, “the President wants efficiency, how do I incorporate that in to my work.”

Kurt (union): This is clearly a bit of a disconnect. The challenge is with the collegiate units. We are bargaining with central, but central doesn’t have info on the units. When central say the U is broke, we don’t believe it’s true, because central doesn’t know.

Sherri (management): Some departments have different revenue streams. The U has to make decisions based on the U as a whole, whether a specific department has money or not. We are all under one umbrella.

Kurt (union): Changing stream a bit, I have a question about the 27th pay period. Was that for what year?

Sherri (management): The 27th pay period was – let's see... We are currently in FY12. The 27th pay period was originally targeted for FY11, but they moved a payday from a Wednesday to a Thursday in July of 2010. That put the 27th pay period into FY2011.

Kurt (union) – so, last fiscal year. That's basically an extra biweekly paycheck for salaried staff.

Sherri (management): Can you explain how you get that?

Kurt (union): There are 2080 hours in a work year. 80 hours in a pay period works out to 26 pay periods. They didn't squeeze in two weeks extra.

Sherri (management): We didn't get an extra 2 weeks off.

Kurt (union): That's right – P&A just got an extra check.

Sherri (management): Every 10 years, there is an extra paycheck. It's not as if I didn't work for it.

Kurt (union): So there would be 26 pay periods in one year, 27 in the next, then 26 in the year after that.

Kurt (union): Okay, now let me share some information with you. I'm really trying to work on these numbers at the request of the members. We are trying to be transparent, and not work with data that isn't credible. We are putting our best foot forward in terms of describing the picture we see. And what we see is disproportionate pay raises to everybody except for AFSCME staff. Our request for info was to receive data for pay raises given in the last 4 years. In FY2011, to make a long story short – a 3 day furlough is a loss of 1.15 percent. We were then given a 2 percent raise. When you subtract 1.15% from 2%, it is the equivalent of .85%. Management received 2% merit increases, but they were postponed for six months. The typical increase for salaried staff should look to be .85% on average for merit. But the data shows that there was a lot more money than 2% for increases given to non union staff. The data you provided was for how many raises were awarded. In our memo, the first column lists the employee group. The second column is the average increase given.

Sherri (management): Define increase.

Kurt (union): Any form of salary increase – merit, in range adjustments, augments, promotions, etc. According to your numbers, there were 17,000 raises given last year. Some were duplicate increases – people who got a promotion and a merit increase, etc. The average increase across the University was 3.55 percent. The number of promotions given was 921. The average percentage of raises through promotions was 5.4%. We then wanted to isolate promotions and take them out of the picture. What is the average non-promotional increase? 2.7%. Our next simple calculation looked at what that was after the 1.15% reduction in pay or furlough. That leaves an average of 1.55%. Again, we didn't worry about promotions. What we find is a disproportionate number of promotions in the academic professional unit, but overall, it didn't seem to be a big issue.

Then we look at the average non-promo increase: For AFSCME, the average non-promotional increase was 2.1%. This is in the ballpark of what we expected. There were a few salary augments, in-range adjustments and increases for lateral transfers. The academic administrative group (subset of P&A) had an increase of 3.3%. 2.15% (after the 1.15% Temporary Reduction in Pay) is more than twice the average AFSCME increase. The academic professionals group (subset of P&A) is almost three times the increase AFSCME received. Faculty received almost twice that of AFSCME. Civil service as a whole is at 1.19%. Upon review of the earlier data set is a lot of in-range adjustments for civil service. That is my guess as to why civil service is slightly higher than AFSCME. Again, what does this data mean overall? The U average for salary increases is 2.7 percent. AFSCME is 2.1 percent. What is this in real money? It amounts to .6% of the U's total base wage. There are 18,090 people at the U with an average salary of approximately \$62,000. 0.6% of the U's total salary is \$6.8 million. Spread that out on top of the 2% allocated for salary increases. That is extra money.

Where does that extra money come from? We don't know, but there are two possibilities. What if not everybody received a raise? That's the case in some situations. For example, in the Dental School, there were no merit increases given in January. Our list of University employees for January of this year contained about 18000 names. About 16,100 of them showed up on the fiscal year 2011 pay raise list, indicating they got raises. So, 16,146 people received raises in FY2011. If 1,948 people didn't receive raises, due to turnover, self-sacrifice, or perhaps a poor evaluation, that would be \$2.5 million. That doesn't give a full answer, then. Another possibility lies in the collegiate administrative units. Central allows them to use funds however they want. Units retained the furlough funds. There are 11,000 civil service (including AFSCME) workers for total salary costs of \$510 million a year. 1.15% of that (the savings from the furlough) is approx \$6 million. If you want to find where the U got extra money, look at the furlough money.

In direct response to our request, we got no information on the furlough data we requested. So, the picture that we see, and we are interested in any evidence to the contrary, to show our numbers are wrong, we have asked for everything. If there is something missing, tell us. Because what we see is the shifting of resource from bargaining unit and civil service employees to salaried staff so they can have bigger pay increases.

I've got a few more thoughts, but want to hold off for a minute. But I do want to talk about other aspects of the proposal.

The effect of regents' scholarship cut has been dramatic. Let's put it this way: enrollment is down 38% from where it was before the U forced staff to pay to participate in classes. Is it down because of cost? Yes, that is what we hear, especially for graduate level students. The U might as well ask for \$5 million per class. \$500 is a real strain. Our members can't afford to participate so they are dropping out. This is a qualitative analysis, but the numbers show a dramatic drop off. We have two questions: is it worth it having so many people drop out? What is the opportunity cost of having a workforce lose the opportunity to educate themselves? This is a highly educated workforce. They are terrific scholars, brilliant staff. Do you want that tradition to go away, to slow down? This isn't in the best interest of the U to reduce participation in education. Our second question is: What is the U doing with this money? The regents' scholarship generated \$365,000 in revenue. That is small potatoes for the U, but big money for our bargaining unit. We would rather have the scholarship without any financial liability. But where is the money going? What is it being used for?

Sherri (management): Is that a part of your data request?

Kurt (union): Yes.

Sherri (management): You are asking where?

Kurt (union): That is a semi-rhetorical question. But, is it going to reduce the cost of health insurance, or to the steps? We would rather have people just have the ability to take classes.

Kurt (union): In terms of job security, there were 25 AFSCME layoffs this year. We've seen no change in plans for a 5% cut. We will probably hit 50 layoffs again this year. When you look at the terms and conditions for AFSCME members, in terms of job security, we do not have what P&A gets – something like a six month warning.

Sherri (management): P&A are on an annually renewable contract. They can be non-renewed at any time.

Kurt (union): and they're gone the next day?

Sherri (management): No, it depends on their years of service. This policy is currently under review. The current proposal has the notification period going from 3, 6, or 12 months of notice to a 1, 3, or 6 month notification system.

Kurt (union): What we know is that our people only have a month. You don't have to wait for six months to get rid of an AFSCME employee. The only protection our people have is in layoff and bumping rights. Our bumping is contingent on departmental

seniority. We asked for a list of all departments by collegiate unit. There are 2000 departments. We have 1600 members. That amounts to approximately .8 members per department. If I'm the only member in a department, then a departmental bump is worthless. When there are 2000 departments and the employer can change them at will, it is even more useless. I don't know how this evolved or developed, but it seems to me you want an agreement that has meaning. If you want somebody to have bumping and layoff rights, you want it to have meaning. Having 2000 departments makes it practically meaningless for most of our members. It is important for our members that there be a change so that our members have job security. We have less of that than anybody at the U. Now, we don't have enough facts to bargain intelligently on this point. The decentralized relationship between central and the departments makes it very difficult to bargain. We bargain with central, but central cannot get the data we need for bargaining. We have statutory options, but it would be great if we could just get the data we need to bargain. How many people took the severance, were recalled from layoff, were denied positions? If we had data, we could bargain intelligently, but without it we are hamstrung in our ability to bargain in good faith.

Kurt (union): Finally, on the issue of bullying. The data you provided said that there were 6 incidents reported in 2 years in the central reporting system. No actions were taken in any of these cases. I have to say I think this is completely inadequate. Dare I say, at the risk of being personal, that this is a little bit lame. Only six incidents reported at the U. We have a huge data set. We have data that members reported to Human Resources in 80 cases at either the departmental or central level. And none of that is tracked or accounted for or even known to exist? In terms of bullying, there is a white elephant in the living room. It's not right to keep on ignoring it.

Kurt (union): Here's where we are at. We are asking you to reconsider your position in bargaining regarding the general increase, regarding steps, job security, regarding bullying. These matter to lots of people - not just our members. Is the U decentralized, yes? Is it older than the state constitution? Yes, clearly. Does it have to stay this way forever? No - it is time for the U to change. Why did we take furloughs? For merit increases? Zeros with no steps for a 27th pay period for salaried staff? What's next? Furlough into management salaries? Without steps again, draconian cuts in health insurance putting us at the bottom of the Big Ten? Cut our positions for managers to give each other raises? A few days ago, I got a call from a member who works in one of the colleges. I talked to them about staffing levels there. In April of 2010 there were 191 staff. In January of 2011, there were 145. Management, however, the academic administrative unit, increased from 25 to 36 positions. If job cuts had been done equally, there would have been an extra million for wages. Allowing departments to feather bed and save jobs for management friends while we take brutal cuts in health insurance and no salary increases has got to stop.

One other thing we want to mention: in the private sector, the normal span of control is around 10 employees for a supervisor. At the U, we have 2000 academic administrators and 1500 supervisors. There are 18,000 employees, but really, nobody supervises faculty. That makes 10,500 employees supervised by 3500 supervisors. That's a span of 2.8. We

know that many positions are like yours – they do HR or other support functions. If we were looking at a typical organization with a 1 to 10 ratio, we would have 1100 people in those employee groups instead of 3500 people. We would have an extra \$200 million a year for tuition, pay increases, etc. My final thought, as we ask you to reconsider, we look around the U and see managers who talk about their relationship with us, but when it comes to it, they don't care about us. They take our money, our steps, our furlough money to pay themselves. So if they don't care about us, what about their kids? Their kids get a chance to go here, what about our kids? With an average salary of \$38,000, our members can't send their kids to the U. The administration and their decisions on spending are pricing the U out of reach for our own staff and their children - that is crazy. Somebody has got to turn this ship before it all sinks. Something has to change in this relationship at this university, in bargaining. Take a step. We aren't asking you to agree with everything, but take a step so we can get this process moving, so we can come up with something that is fair.

Sherri (management): in order to respond properly, you have asked us to reconsider our position on salary, job security, and?

Kurt (union): Health care is very important, too.

Sherri (management): Are you still proposing the entire proposal?

Kurt (union): Yes.

Sherri (management): So, no changes to your initial proposal? Give us a bit, and we'll come back and let you know where we are at.

Caucus at 6:56.

Return from caucus at 7:30.

Sherri (management): Valerie had to leave. We wanted to get back for a couple of reasons. First is to let you know that our third proposal will not be changing from our second proposal. Our July 7 proposal is the same as today. What we would like to do though is address a couple of items that were brought up. The first being the furlough money. That is what we call non-recurring dollars. It cannot be used for increases. In talking to my committee members and asking a process question. If it had happened, their finance people or auditors would catch it and throw it back. It is one time money and can't be used for reoccurring costs. The second item is the data request. We understand that the items presented by Kurt that were seen as unsatisfactory. The U believes it provided the data we could and didn't hold back any data. There was a comment about a P&A benefit or procedure /rule that a bargaining unit employee doesn't receive. Each classification has different rules. Some areas are better than others. One example is vacation. Bargaining unit staff can have up to 400 hours. P&A can only have 106. There are pros and cons to each employee classification. I also have a brief comment about the

27th pay period. There is a pretty good description of the 27th pay period on the U of M web page. You can find it with a search.

Kurt (union): If I can't find it, can you tell me where to find it?

Sherri (management): That is all we have to present today. Are there any questions or comments?

Kurt (union): Is there any kind of policy or procedural reference to the prohibition of non-recurring funds for wage increases?

Sherri (management): I don't know.

Kurt (union): If you could shoot me a reference, I would appreciate it.

[Editor's note: In response to the union's request for documentation regarding the ban on using furlough or other non-recurring funds for wages, management responded via email that there is nothing in writing regarding that practice.]

Kurt (union): We were thinking about subsequent dates for negotiating. We are wondering about two weeks from today. Would that be a possibility?

Sherri (management): We will check.

Ending at 7:38.