NIFA Nassau County Interim Finance Authority

MEMORANDUM

TO:	County Executive, Thomas S. Gulotta Majority Leader Judy Jacobs Comptroller Fred E. Parola Minority Leader Peter J. Schmitt	Mike Adams, President ShOA Nick Baudo, President SOA Gary DelaRaba, President PBA Tony Giustino, President CSEA Bobby Howell, President DAI

FROM: Frank Zarb

RE: **Labor Guidelines**

DATE: May 3, 2001

Attached are the final Labor Guidelines, presented by NIFA for your consideration. They reflect the feedback we received from the County Executive, the Legislative Majority, the Legislative Minority, the County Comptroller and the Civil Service Employees' Association.

The Labor Guidelines are particularly important during the County's current period of fiscal instability. Once each contract is finally settled the County must indicate how the multi-year financial plan is affected, and demonstrate its ability to maintain structural budgetary balance.

As we have previously indicated, the Guidelines are designed to provide a framework to assist the parties in meeting their respective responsibilities. Successful use of the Guidelines should allow the County to attract and retain qualified employees, while maintaining the County's fiscal integrity.

We recognize that each guideline may not apply to every contract and that many of the guidelines are interrelated. Therefore the Guidelines should be applied in a manner appropriate to each contract. The Guidelines should also be periodically reviewed, and revised as necessary to ensure that they remain relevant. We also recognize the important role of collective bargaining to ensure a fair result for the County's employees and the County's taxpayers. We are asking all members of the Nassau Community to help during this period of austerity so that the County's fiscal integrity can be restored, and all can benefit.

Any significantly negative implications for the financial plan would be viewed unfavorably and NIFA would not hesitate in using all means at its disposal to maintain budgetary balance.

Cc: NIFA Directors

LABOR GUIDELINES

GENERAL

A. Obtain permanent future savings. For example, if the County negotiates a reduction in the number of holidays an employee receives, the County should not have to renegotiate the elimination of the same holiday in a future contract;

B. Any salary increases (wages or benefits) should be justified by increased productivity, reduction in other benefits or costs, or savings in other areas;

C. Reduce or eliminate "hidden" forms of compensation (e.g. termination pay, uniform allowance for non-uniformed personnel, uniform allowance for employees who are provided uniforms, or allowances in excess of the amount needed to purchase or maintain uniforms).

D. Civilianize jobs where feasible;

E. Analyze the actual cost of a contract and any anticipated savings in the contract to determine the true financial impact of any proposed agreement. The analysis should be prepared by the County Executive and accompany the proposed agreement's submission to the Comptroller and Legislature;

F. Evaluate any contract against the County's current four year financial plan;

G. Eliminate the NIFA "poison pill," (i.e. savings are lost if control period is imposed);

H. Eliminate MOUs or provisions in contracts that affect the County's future ability to negotiate reductions or savings;

I. Limit negotiated contracts to no more than three years and arbitration awards to no more that one year. This would better reflect the relationship between labor contracts and the County's current financial situation. In addition, no contract should be for a term that has its expiration date beyond which the County has adopted a multi year financial plan;

J. Obtain the right to set staffing levels consistent with efficiency and safety, rather than having staffing levels based on a contract requirement that may not be related to the County's actual needs;

K. Eliminate "most favored nations clauses" that force the County to provide increases that were never negotiated, simply because another group of employees negotiated a different increase or additional benefit;

L. Analyze the turnover rate (not including retirements) to see if recruiting or retention is an issue. This will allow the County to determine more accurately what level of wages or benefits are necessary to attract and retain qualified employees;

M. Benchmark salaries and benefits against other comparable entities (e.g. in the area of annual accruals, payments of sick time, etc.);

N. Productivity initiatives should be periodically analyzed (at least annually) to determine if reported savings were actually realized (e.g. police department 3 day work week & civilianization);

O. As appropriate, work with union and Civil Service to obtain the ability to cross-train employees for different jobs and have greater flexibility in assigning personnel where they are needed without being hampered by contract restrictions;

P. Join with Suffolk County in requesting that the State Legislature modify the mandatory binding arbitration provisions contained in the Civil Service Law. In addition, during periods of financial difficulties, we would urge the parties to voluntarily forego binding arbitration and to settle any contracts through the collective bargaining process.

WAGES

Wages encompasses not only actual wage increases but also increments/steps, COLA increases, longevity increases, shift differentials (collectively referred to as "wages") and the effects of compounding. In assessing wage increases, the County should consider:

Q. Justifying any wage increases greater than the Consumer Price Index's rate of inflation;

R. Giving lump sum payments instead of wage increases. Lump sums do not increase base wages going forward, have no compounding effect and do not increase benefit costs (i.e. vacation, sick time, etc.) in the future;

S. Increasing productivity to offset any wage increases. For example, by increasing the number of hours worked in the year or reducing the number of paid days off, the cost of any wage increase is offset;

T. A different wage or benefit structure for employees hired in the future in order to lower the costs to the County; and

U. Earn longevity or obtain incremental steps over a longer period of time.

PREMIUM PAY

The County contracts have several types of premium pay including: required overtime (work in excess of 40 hours in a week); overtime for work that is more than the normal hours worked in a day; premium pay for shift changes; additional payments for travel time in excess of the actual hours worked; and additional pay if an employee is scheduled to work overtime and the overtime is cancelled without sufficient notice, etc. In this regard, the County should consider:

V. A different system that is only based on overtime pay for hours actually worked in excess of the normal work day or normal work week;

W. Increasing the number of hours worked in a year, while reducing the number of paid days off that can be taken or accrued (see point IV below) to lower overtime costs; and

X. Require non-emergency personal and vacation days to be scheduled with sufficient lead-time so that, if possible, a replacement can be obtained without incurring overtime costs.

Y. Calculate premium pay on base wages only and exclude add-ons such as longevity.

PAID TIME OFF

There are provisions in the County contracts for paid time off for personal days, holidays, vacation, sick leave, giving blood, coming to work every day, etc. For example, in the PBA contract, a police officer can receive up to 27 days vacation, 13 holidays, 26 sick days, a compensatory day for each pint of blood given, 5 personal days, and 2 days off for coming to work every day. In addition, at termination police officers receive 5 days pay for each year worked. The County should consider:

Z. An analysis of the impact of the high amounts of paid time off on overtime costs and staffing levels so that the true costs of these benefits is identified;

AA. Reduced paid time off provisions for employees hired in the future;

BB. Valuing benefits at termination based on historical cost rather than final salary;

CC. Reducing accruals in each category (e.g. sick, vacation, etc) for current employees, and/or limit final termination pay to a fixed percentage of final salary; and

DD. Reduce accruals for new hires for a certain period of time (e.g. one year), as well as reducing the amount of time that can be accrued and paid out at termination.

INSURANCE (Health, Dental and Optical)

The County should consider:

EE. Employee contributions to the cost of insurance;

FF. Requiring future retirees to contribute to the cost of their insurance;

GG. Encouraging employees to decline insurance if he or she has alternative coverage; and

PAYOUTS

The County contracts have very generous accrual provisions for paid time off that end up forcing the County to make large payouts at the time employees retire. The County should consider:

HH. Lowering the amount of paid time off; and,

II. Lowering the amount of time that can be accrued.

PROCESS FOR IMPLEMENTATION

Once the County Executive has finished a negotiated contract, it should be submitted simultaneously to the County Legislature and the County Comptroller. The County should develop a standard format for analyzing the cost of contracts so they are reviewed in a consistent manner. The Comptroller should be given at least 14 days to review and comment on the contract prior to its consideration by the Legislature.