



MTI 2019-20 Bargaining Update

May 29, 2019

Base-Wage Bargaining Begins: District Offers Employees Only 0.5% Increase

Initial bargaining proposals were exchanged last week (May 28) between the MMSD and the unions representing District employees. Under Wisconsin Law (Act 10) collective bargaining is allowed for base-wage increases only with such increases further limited to no more than the cost-of-living. Every year since the Act 10 bargaining restrictions first applied to MTI (2016-17), MTI and the District have bargained cost-of-living base-wage increases for all employees. This year's cost-of-living increase for contracts commencing July 1, 2019 has been determined to be **2.44%**. MTI, as well as the other unions representing District employees, have once again proposed a cost-of-living base-wage increase for all employees. The District has now responded offering an initial bargaining proposal with a pay increase of only **0.5%**, far below the cost-of-living and far less than that allowed by Act 10.

MTI has been communicating with District Administration and the Board of Education for the past six months relative to the need for a cost-of-living pay increase to be built into the MMSD 2019-20 budget. We have provided regular and frequent written communications and have held individual meetings with all members of the BOE. All MTI members, all District employees, expect and deserve a cost-of-living pay increase. A one-half of one percent increase is an insult to all hard-working District employees.

MTI member leaders speak out! MTI President **Andy Waity** presented testimony at the May 13 BOE Operations Work Group meeting in support of a 2.44% cost-of-living base-wage increase. At the May 20 Regular BOE meeting, testimony was offered by MTI member leaders **Steve Somerson** (East High), **Amy Turkowski** (Franklin), **Michael Jones** (Black Hawk), **Stephanie Biese Patton** (Elvehjem), and **Amy Garvoille** (East High) in support of cost-of-living base-wage increases. Numerous speakers pointed out the particular needs of low paid District employees (such as SEAs), who must often work two or three jobs, and who all need and deserve a 2.44% cost-of-living pay increase.

Bargaining is scheduled to continue on **June 5**, and it is MTI's desire to settle the bargain with a cost-of-living increase by the end of the school year, in time for the new wage increases to take effect on July 1. All MTI members will receive regular e-mail updates as bargaining proceeds.

Why is the BOE Proposing for a Base-Wage Increase Below the Cost-of-Living?

The BOE maintains that rather than providing a 2.44% base-wage increase, employees should accept a 0.5% base-wage increase. They maintain that once the 0.5% base wage increase is combined with the scheduled "step" increases *received by some employees* it will provide an *average pay increase* for employees comparable to cost-of-living (i.e., the 0.5% base-wage increase plus an average "step" increase of 2% would equal a 2.5% increase). There are multiple problems with this approach to wage increases.

First, not all employees receive step increases in any given year, **including many of the lowest paid District employees in some of the most demanding positions**. These employees would only receive a 0.5% pay increase under the District's budgeting assumptions. In fact, the base-wage increase is **the only pay increase** in 2019-20 that will be received by **over 1,000 District employees**. A second problem with this rationale is that it ignores the important distinction between **base-wage** and **step** increases.

What's the Difference Between "Base-wage" and "Step" Increases?

A **base-wage** increase is a **pay increase that increases the salary schedule**, providing a pay increase to **all employees**, regardless of their location on the schedule. Increasing base wages by the cost-of-living maintains the relative value of the salary schedule and ensures that no employee loses take-home pay due to inflation.

A **"step" (or longevity) increase does not increase the salary schedule**, but rather provides a pay increase **only to those employees scheduled to receive a step increase** due to their movement on the schedule. Step increases largely focus on early-career employees and are necessary to bring them from lower hiring salaries to more professional pay levels.

Base-wage increases are essential to preserve the economic value of the salary schedule and provide **all employees** a pay increase. **Step increases** are critical to retaining and rewarding staff, allowing them to advance to living wages and professional compensation.

Teacher Wage Penalty Hits Record High

Last month, a report from the **Economic Policy Institute (EPI)** measured changes to the teacher wage penalty over time (i.e., the percent by which public school teachers are paid less in wages and compensation than other college-educated workers). **In 2018, the wage penalty between public school teachers and other employees reached a record 21.4%** (up from 5.3% in 1993 and 12% in 2004). **Wisconsin ranked 31st among the 50 states with a teacher wage penalty of over 22%.**

Madison Police and Fire; Dane County Employees Receive Cost-of-living Increases

While the MMSD Board of Education continues to budget for **0.5%** wage increase for MMSD employees, City of Madison and Dane County leaders have chosen a different path. **Dane County employees** received a **3.5%** pay increase in December 2019 while both Madison Police and Madison Firefighters received annual increases of **2%** in December 2018; **2.5%** in July 2019; **3.25%** in January 2020 and **3.75%** in January 2021 (neither group is limited by Act 10 maximums).

Base-Wage Increases, the Cost-of-Living, and Shifting Benefit Costs

Since 2011, the cost-of-living has increased more than 13%, while MMSD base-wages have increased by less than 5%. During that same time period, District employees have witnessed decreasing take-home pay, due to increased employee costs for retirement contributions and health insurance benefits.

In an effort to minimize health insurance premium increases for 2019-20, MTI worked with the District, Dean and GHC to modify health plans on July 1, 2019 to increase Emergency Room co-pays from \$50 to \$150 and to double the health insurance premium contribution for those employees who opt for the more expensive POS (Point-of-Service) plans rather than the HMO options. MTI has supported these plan design changes as a reasonable response to controlling increasing healthcare costs. However, cost-of-living base-wage increases are also needed as employee out-of-pocket health costs increase.

	<u>7/2011</u>	<u>7/2012</u>	<u>7/2013</u>	<u>7/2014</u>	<u>7/2015</u>	<u>7/2016</u>	<u>7/2017</u>	<u>7/2018</u>	<u>7/2019</u>
Base-wage increase	0.00%	0.00%	0.00%	1.00%	0.25%	0.12%	1.26%	2.13%	?
Cost-of-living	1.64%	3.16%	2.07%	1.46%	1.62%	0.12%	1.26%	2.13%	2.44%
Benefit Changes	Implement 50% employee WRS contribution, 5.8% reduction in gross take-home pay	Eliminate WPS health insurance option, add Dean, P+ HMO	Substitute Teacher sick leave eliminated		Biometric screenings required to avoid premium increase	Implement employee health insurance premium contributions	Consolidate from three to two HMOs, \$3 million savings.		Increase ER co-pays, increase employee premium contribution for POS plans.

What Can You Do To Support Your Bargaining Team?

- Wear red on Mondays in June.
- **Contact Board of Education Members** and let them know that you deserve and expect a cost-of-living base-wage pay increase.
 - E-mail the BOE at board@madison.k12.wi.us
- Complete an **MTI Cost-of-Living Pledge form** to take action in support of a cost-of-living base-wage increase for all employees.
- If no settlement is reached by June 5, plan to attend the **BOE Operations Work Group** meeting on **Monday, June 10, to display your solidarity!**