



MTI 2019-20 Bargaining Update

May 4, 2019

COST-OF-LIVING BASE-WAGE INCREASES FOR ALL EMPLOYEES!

Base-wage Bargaining to Commence for All MTI Units Later This Month

The District has requested to delay bargaining until later this month when they hope to have more clarity regarding Governor Evers's State Budget proposals. Act 10 provides for collective bargaining over base-wage increases. This year's cost-of-living increase for contracts commencing July 1, 2019 has been determined to be 2.44%. ***MTI will be seeking a 2.44% cost-of-living base-wage increase for all MTI-represented employees.***

District Administration is Currently Only Budgeting for 0.5% Base-wage Increase

While the law allows for a 2.44% cost-of-living base-wage increase, District Administration released a draft budget last week which continues to limit funding for a base-wage increase of only 0.5%, far below the cost-of-living of 2.44%.

What Can You Do?

- Wear red on Mondays in May and 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
 - Copy your message to MTI at mti@madisonteachers.org
- Attend the **BOE Operations Work Group** meeting on **May 13**
- Attend the **Regular BOE Meeting** on **May 20**
- Attend the **BOE Operations Work Group** meeting on **June 10**
- Complete an **MTI Cost-of-living Pledge form** to take action in support of a cost-of-living base-wage increase for all employees.

Why is District Administration Budgeting for a Base-Wage Increase Below the Cost-of-Living?

District administration maintains that rather than providing a 2.44% cost-of-living 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, budgeting for a cost-of-living pay increase ***on average*** means that ***half of all District employees would receive less than a cost-of-living increase.*** Why? Not all employees receive step increases in any given year, leaving those employees who do not get a step increase with only 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 700 Substitute Teachers and 200 Substitute SEAs** who receive no step increases
- **Over 100 EA/SEA/BEA/NA/Clerical EAs** not scheduled to receive step or longevity increases
- **Over 75 Clerical and Technical employees** not scheduled to receive step or longevity increases
- **All of the Building and Construction Trades employees and many Local 60 represented 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. Providing cost-of-living increases to the salary schedule is necessary to provide ***all employees*** with a cost-of-living pay increase and to maintain the value of the schedule.

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. In fact, many employees receive no step increase at all in a given year. 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.

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.

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