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## GOVERNOR CUOMO AND CSEA PRESIDENT DANNY DONOHUE ANNOUNCE CSEA CONTRACT RATIFICATION

### *New contract avoids the need for broad layoffs while meeting tough fiscal demands*

Governor Andrew M. Cuomo and CSEA President Danny Donohue today announced that members of the Civil Service Employees Association (CSEA) have ratified the five year labor contract agreed to in June by CSEA leadership and the Cuomo administration. The agreement marks a milestone accomplishment for collective bargaining and labor-management cooperation in New York State.

The contract includes provisions to keep CSEA-represented state employees on the job delivering essential services to New Yorkers. The new contract freezes base wages for the first three years, and then allows for retention payments – totaling \$1,000 – as well as salary increases in each of the last two years. It also calls for a redesign of the employee health care contribution and benefit system.

"This is a big, big win-- a win for the union and a win for the people of the state," Governor Cuomo said. "The union avoided layoffs and the state is financially stronger. I'm pleased that our approach of labor and management working together is vindicated. Mutual respect and honest negotiations work. I applaud Danny Donohue for his leadership and vision in this negotiation. This vote demonstrates their commitment to seeing this state get back on the right track. In these difficult financial times, shared sacrifice is needed, and CSEA members have shown willingness to do their part."

"These are not ordinary times and CSEA worked hard to reach an agreement that we believed would be in everyone's best interest," said CSEA President Danny Donohue. "CSEA members agree that this contract is reasonable and responsible for the long term and shows that CSEA members will do what is right for the good of all New Yorkers. The Governor's leadership is helping move this state in the right direction."

The terms of the agreement will take effect immediately as the state legislature already approved the agreement contingent on the CSEA ratification.

**Base Wages:** Under the five year agreement, there will be no general salary increase in Fiscal Year 2011-12; 2012-13; 2013-14. Employees will receive a 2 percent increase in 2014-15 and 2015-16.

2011-12

2012-13

2013-14

2014-15

2015-16

0%

0%

0%

2%

2%

Savings: The 2011 wage agreement is \$2.5 billion less costly to the state than the 2007 agreement, if adopted through the state workforce.

**Health Care System Redesign**: The agreement includes a series of reforms in the employee health care system. If adopted by all bargaining units, these reforms would save \$1.27 billion. The components of the health system redesign are:

**Health Care Contributions**: The agreement includes substantial changes to employee health care contributions bringing public employee benefits more in line with the private sector. The agreement reflects a two percent increase in contributions for Grade 9 employees and below, and a six percent increase for Grade 10 employees and above. (Under the agreement, for example, the state will pay 69 percent of family coverage for a Grade 10 employee and above, and the employee will pay 31 percent. The prior split was 75 percent state/25 percent employee. For individual coverage, a Grade 10 employee and above will pay 16 percent and the state share will be 84 percent. The prior split was 10 percent employee/90 percent state).

Savings: If adopted for the entire workforce, this change will save \$165 million per year, and \$764 million over the term of the contract.

**Health Care Opt Out**: For the first time, the state is offering an opt-out option. Health care premiums cost \$16,600 for family coverage and \$7300 for individual coverage. Employees electing to opt out of the health insurance program must provide proof of alternative coverage and will receive \$1000 or \$3000 for the cessation of individual or family coverage, respectively.

Savings: The opt-out achieves \$21.6 million in annual savings, and \$91.8 million over the five year term if adopted statewide.

**Health Benefit Redesign**: The health benefit plan system of co-pays, deductibles, and programs has been redesigned to encourage healthy choices and control costs of pharmaceutical products. For example, for the first time the plan will cover the use of nurse practitioners and "minute clinics" and encourage employees to use these services when appropriate instead of hospital emergency rooms.

Savings: If adopted by all bargaining units, these changes generate \$85.5 million annually when adopted statewide, and \$361.4 million over the term of the contract.

**Deficit Reduction Leave**: Under the agreement, employees will take a five day unpaid deficit reduction leave during fiscal year 2011-12 and four days unpaid leave during fiscal year 2012-13. The value of the days taken not worked will be deducted from employee pay over the remaining pay periods equally during the fiscal year in which they are taken. Employees will be repaid the value of the 4 days from 2012-13 in equal installments starting at the end of the contract term.

Savings: The furloughs will yield \$360 million in savings if adopted by all bargaining units.

**Performance advances, longevity and retention payments:** Performance advances and longevity payments will continue to be in effect. Current employees who remain active through 2013 will earn a onetime retention payment of \$775 in 2013 and \$225 in 2014 in recognition of working without a wage increase for three years.

**Patient Abuse Reforms:** Both CSEA and the State agree that the system in place for investigating allegations of abuse of patients at state facilities does not adequately protect our most vulnerable population in state care. While CSEA employees are dedicated caretakers, allegations of abuse must be dealt with thoroughly. Under the new contract, the State and CSEA will take a number of steps to improve the quality of care, including creating a completely new Select Panel on Patient Abuse with A-list arbitrators and creating a table of penalties for increasingly severe acts of misconduct, along with a number of other reforms.

**Review of Temporary Employees:** The State and CSEA will form a joint committee to review the use of temporary employees and contractors and make recommendations to the Division of Budget and Department of Civil Service.

**Layoff Protection:** CSEA employees will receive broad layoff protection for fiscal year 2011-12 and 2012-13 arising from the \$450 million budget gap. Workforce reductions due to management decisions to close or restructure facilities authorized by legislation, SAGE recommendations or material or unanticipated changes in the State's fiscal circumstances are not covered by this limitation.

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