

In a survey conducted in the third quarter of this year, IPMA-HR and Fox Lawson & Associates, a division of Gallagher Benefit Services, found that a the majority of organizations with at least one union contract are managing their union contracts in a similar manner as before the economic downturn however, some organizations are asking for changes to existing and future contracts. “It appears that public employee unions recognize that the economic climate for public agencies has changed. This, in turn, means that the manner in which employees are compensated needs to change. This is a positive sign and, we believe, will enable public agencies to make the changes that are strategically needed while doing so collaboratively with their employees.” states Bruce Lawson, managing director for Fox Lawson & Associates.

For organizations with at least one union contract, contracts are predominately for the law enforcement (83%), labor trades (81%), and administrative support (70%) and less so, as expected, for management jobs (18%). The most prevalent contract length for union contracts for all groups except management tended to be three (3) years. Management contracts terms were shorter at 1 year in length (31%) or three (3) years in length (28%).

In 2009 and 2010, a slight majority of organizations negotiated at least one of their contracts whether at the end of a contract term or due to an unplanned negotiation. The survey asked IPMA-HR members to answer the following question: What types of changes were renegotiated within existing contracts of any and all employee groups? Organizations were provided with a listing of 12 possible actions and an “Other” option.

Common changes that were renegotiated include:

- Pay freezes (29%),
- Increased employee cost sharing of health benefits (23%),
- Employee pay cuts were made (21%),
- Employee furloughs were made (19%), and
- Step increases were suspended or eliminated (18%).

Most organizations will not attempt to change the length of the union contract term when renegotiating future union contracts. If the organization is planning on negotiating a change in contract term, they appear to be equally as likely to renegotiate for a longer term as a shorter term. In future contract negotiations, organizations plan to:

- Increase employee cost sharing of health benefits (41%),
- Decrease the amount of employee pay adjustments from previous levels (20%),
- Freeze employee pay (20%), and
- Alter pension/retirement program (16%).

Data were collected from 113 government employers across the country between September 15 to September 30, 2010.

IPMA-HR and Fox Lawson will continue to conduct short, on-line surveys regarding pay administration related topics. Please look for the survey invitation emails from IPMA-HR in coming months. If you have any questions regarding this survey, please contact Bruce Lawson (bruce_lawson@foxlawson.com or 602-840-1070) or Jim Fox (jim_fox@foxlawson.com or 651-635-0976).