

Managing Union Negotiations

Presented by:

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Labor Market Shift

Mass Unemployment
- 20 million jobs lost

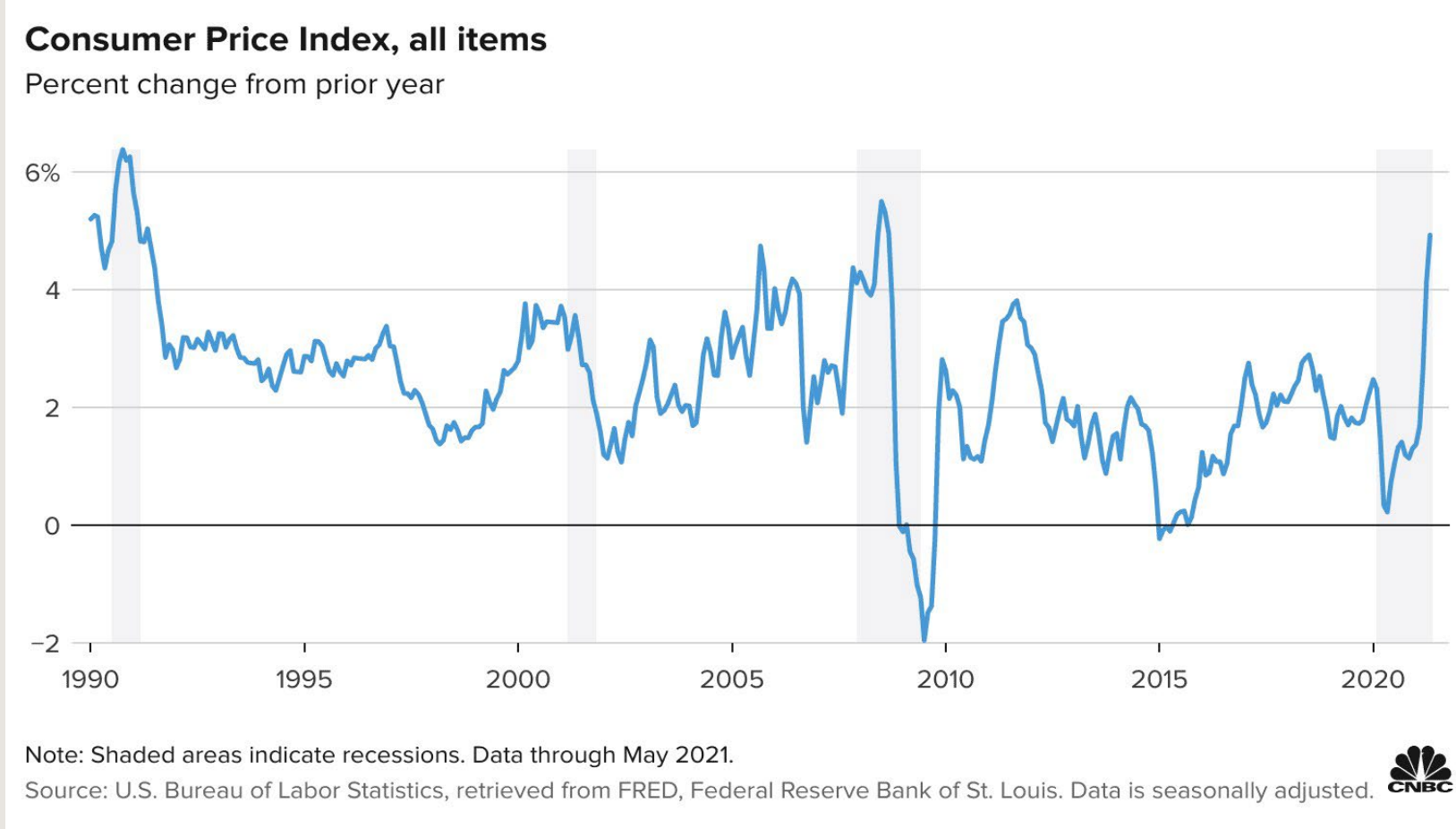


Great Reassessment
- Employee Reassessment
- Company Reassessment
- Government Reassessment



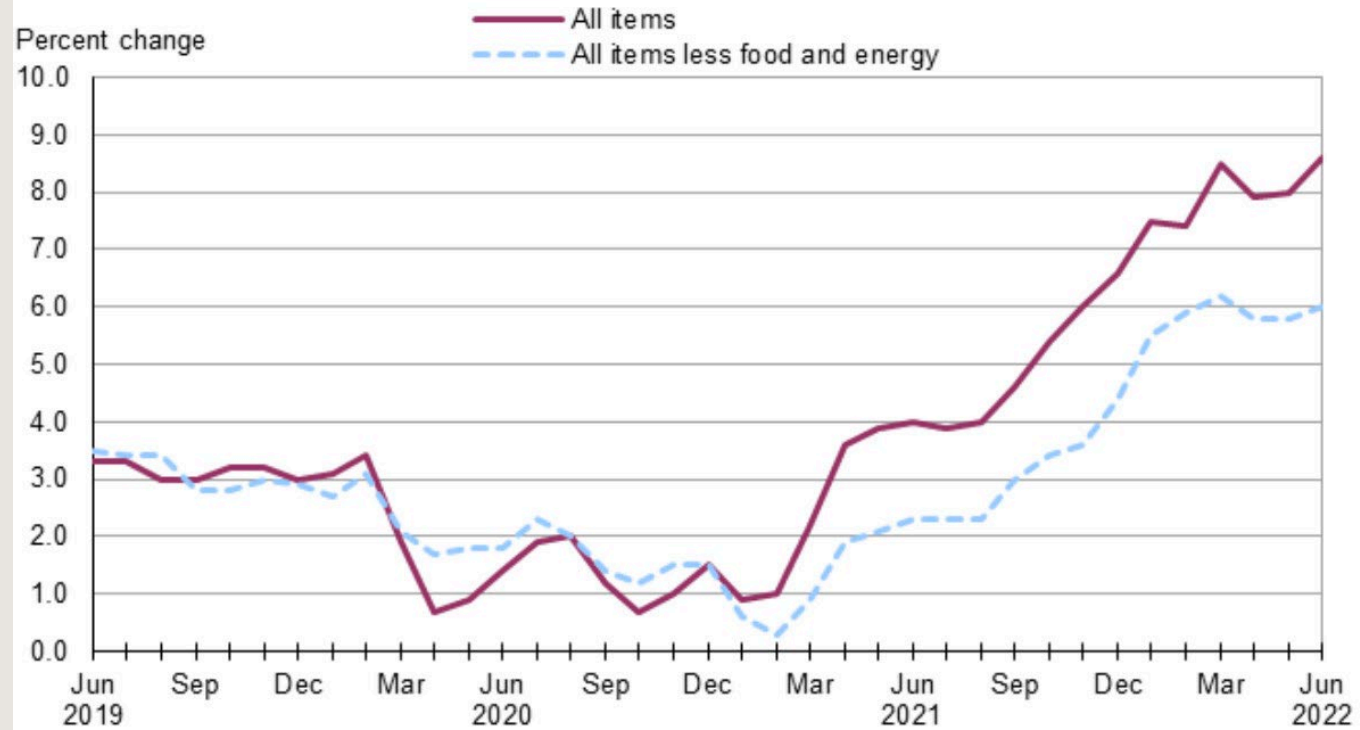
New Normal
- New Operating Conditions
- Higher Inflation
- Employee Shortages
- New Working Conditions

Overall CPI for U.S. consumers from 1990-2020



CPI for Los Angeles 2019-2022

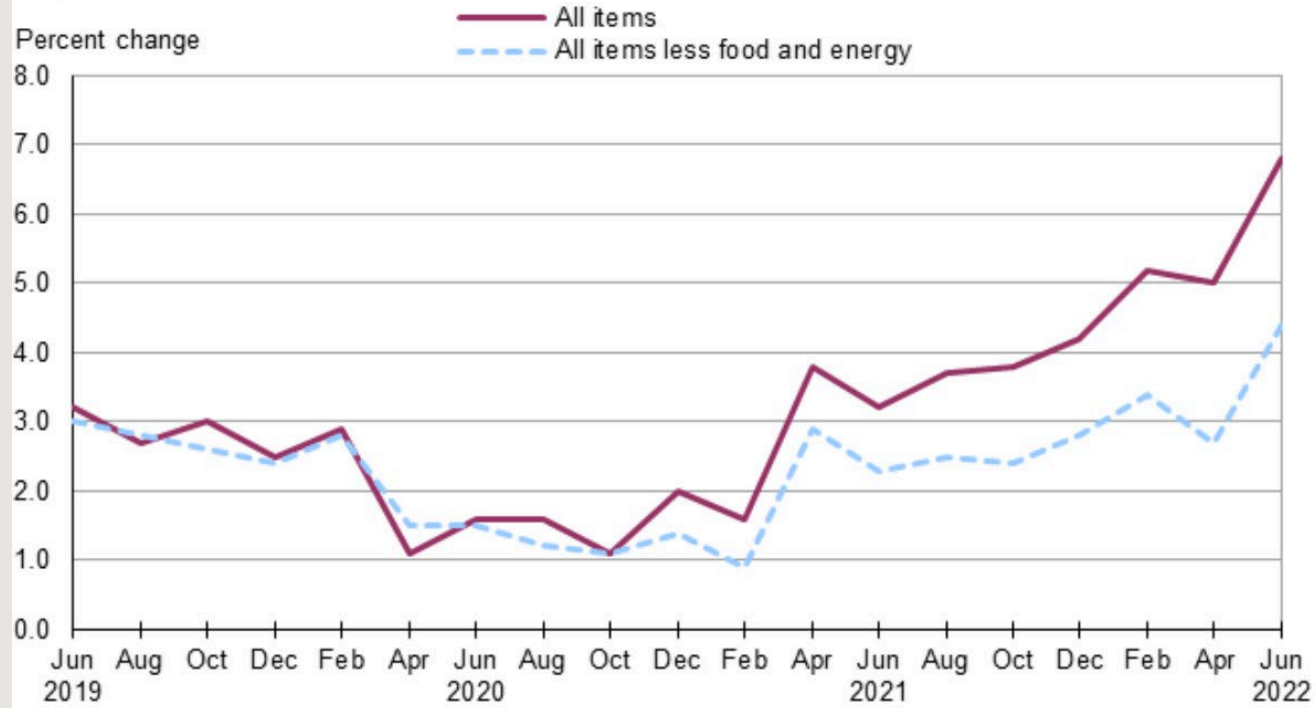
Chart 1. Over-the-year percent change in CPI-U, Los Angeles-Long Beach-Anaheim, CA, June 2019–June 2022



Source: U.S. Bureau of Labor Statistics.

CPI for San Francisco 2019-2022

Chart 1. Over-the-year percent change in CPI-U, San Francisco-Oakland-Hayward, CA, June 2019–June 2022



Source: U.S. Bureau of Labor Statistics.

Long Term Impact of COVID-19 on Public Agency Budgets

- Considerations:
 - Revenue Source
 - Need for Overtime
 - Emergency Paid Sick Leave
 - Updates to CPI
 - Received one-time funding during the COVID-19 pandemic

Labor Shortage & its Effect on Bargaining in a Post-Pandemic Era

- Staffing challenges have resulted in:
 - Immense wage increases due to increase in CPI
 - Other economic incentives
 - Demand for Improved Benefits
- As of 2021, 3.8% increase in first-year wages (4.8% increase for public sector)
- As of 2022, 5.7% increase in first-year wages (highest since 1990)

Employee and Union Wage Expectations in a New Labor Market

- Remote Expenses
 - Including ability to ‘track’ remote workers
- Wages
 - Inclusion of 4 – 5% COLA in CBA’s have become standard, often with lump sum payments
 - Pay Differentials e.g. “hazard pay”, “hero pay”, “commute reimbursement”
- Benefits
 - Paid Sick Leave
 - Continuation of Health Insurance
 - Access to Extended Illness Banks

Issues Post COVID-19

- **Recruitment**
 - Elimination of training wages
 - Spike in Starting Wages
 - Signing Bonus
- **Retention**
 - Diminution in quality of talent
 - Employees ability to lateral and increase salary

Negotiation Environment re Union Use of Inflated CPI

- Transparency
- Understanding the relevant labor market
- *Can you retain your trained workforce with its current wage rates?*
- Wage Delay v. Wage Freeze
- Reduced Services due to COVID
- Housing Accommodations

Regaining Control of the Workplace Post-Pandemic

- Acceptance of flexibility, including flexible hours and remote work.
- Considerations:
 - Hybrid v. Full Remote
 - In State v. Out of State Residency Requirements
 - Expense Allotments
 - Workplace redesign
 - Office assignments v. hoteling v. open space concept

Employer Responsibility re Work From Home Expenses

- FLSA – no requirement to reimburse employees for remote work
- Labor Code section 2802 – employees must be reimbursed for all expenditures “necessarily incurred”
- *Cochran v. Schwan’s Home Service, Inc.*, 228 Cal.App.4th 1137 (2014)
- Examples:
 - Internet Access
 - Phone Bills
 - Use of Office Supplies
- Determine monthly stipend which can be implemented into a policy
 - *“Employees will receive [\$50] per month as a remote working allowance to cover office-related costs.”*

Q & A