

LANE COUNTY and AFSCME PROPOSALS COST COMPARISON

Lane County's contract proposal has two major cost pieces, as does AFSCME's:

Benefits: The County's proposal calls for AFSCME employees to be covered under the same health insurance plan that is now in effect for non-represented employees and members of three other bargaining units. The "Standard" plan costs the County approximately \$500 less per employee per year. As an incentive to move to the Standard plan, the County is offering each AFSCME employee a one-time cash bonus of \$500.

The average first year savings to the County that will result from the change in health plans is based on 6 months only, since the first year is now half over. Also, since health plan costs for years 2 and 3 are unknown at this time, estimates are very conservative. Over the past 4 years, health insurance costs have escalated an average of 10% per year. The County's Standard plan will allow the County to better manage health insurance costs for the long term.

Wages: The County proposal would provide employees with a 3.9% Cost-of-Living Adjustment (COLA) for the fiscal year that began July 1, 2008. The 3.9% is based on the previous year's Consumer Price Index (CPI) for the Portland-Salem OR-WA area. The CPI is the measurement used nationally to determine whether living costs are going up, staying steady or decreasing.

For the second and third years of the contract, the County proposes to increase AFSCME employee wages according to the CPI, except that there is both a "floor" and a "ceiling" as to what the increase will be.

For example, the floor is set at 2%, so even if the actual CPI falls below that level, the employees will still receive a 2% increase in pay. If the CPI is 2.4%, then employees will receive a 2.4% increase. If the CPI is 3.5%, since the ceiling is set at 3%, employees will receive a 3% pay increase.

The first table below provides the cost calculations for a minimum COLA of 2% in years 2 and 3 of the contract; the second table provides the cost calculations for a maximum COLA of 3% in both years 2 and 3 of the contract.

The Union and the County have agreed to a 5% market adjustment for our employees in Information Technology-related positions. The numbers for years 2 and 3 are the same since we are unable to forecast market conditions.

COUNTY:	Year 1	Year 2	Year 3	Combined
	FY08-09	FY09-10	FY10-11	3-Yr Cost
Minimum Cost: (CPI is 2% or lower):	3.9% COLA:	2% COLA:	2% COLA:	Total:
Wage & Statutory Benefit Costs:	\$1,397,213	\$760,801	\$758,568	\$2,916,582
Current AFSCME Hlth Pln Costs:	\$8,133,504	\$8,133,504	\$8,133,504	\$24,400,512
(-) Savings from Health Plan Change:	-\$132,728	-\$265,536	-\$265,536	-\$663,800
(+) Cost of Conversion Bonus (\$500/ee):	\$284,000	\$0	\$0	\$284,000
(+) Cost for IT ee's 5% mkt adj:	\$326,169	\$335,938	\$335,938	\$998,045
	\$10,008,158	\$8,964,707	\$8,962,474	\$27,935,339
Maximum Cost (CPI is 3% or higher):	3.9% COLA:	3% COLA:	3% COLA:	Total:
Wage & Statutory Benefit Costs:	\$1,397,213	\$1,141,202	\$1,149,284	\$3,687,698
Current AFSCME Hlth Pln Costs:	\$8,133,504	\$8,133,504	\$8,133,504	\$24,400,512
(-) Savings from Health Plan Change:	-\$132,728	-\$265,536	-\$265,536	-\$663,800
(+) Cost of Conversion Bonus (\$500/ee):	\$284,000	\$0	\$0	\$284,000
(+) Cost for IT ee's 5% mkt adj:	\$326,169	\$335,938	\$335,938	\$998,045
	\$10,008,158	\$9,345,108	\$9,353,190	\$28,706,455

AFSCME'S proposal calls for a 3% COLA in each of the three years of the contract and to maintain their current health insurance plan:

AFSCME:	3% COLA:	3% COLA:	3% COLA:	Total:
	\$1,074,779	\$1,131,454	\$1,148,991	\$3,355,224
Current AFSCME Hlth Pln Costs:	\$8,133,504	\$8,133,504	\$8,133,504	\$24,400,512
(+) Cost for IT ee's 5% mkt adj:	\$326,169	\$335,938	\$335,938	\$998,045
	\$9,534,452	\$9,600,896	\$9,618,433	\$28,753,781