

May 2<sup>nd</sup>, 2013

The Honorable Erie County Legislature  
92 Franklin Street  
Buffalo, New York 14202

Re: Tentative CSEA Contract Cost

Dear Honorable Legislators:

Earlier this month the Poloncarz administration announced a tentative contract agreement with the County's largest labor union, the Civil Service Employee's Association, Inc. Local 1000, AFSCME, AFL-CIO Erie Unit, Local #815 (the "CSEA"). This contract covers the period 2007-2017.

The contract contains wage adjustments, health care benefit changes, elimination of summer hours, elimination of Election Day as a paid holiday substituting an additional personal day for current employees, reduction to three personal days for future hires, elimination of ten-year extended sick leave, adjustments to reporting time and provisions to negotiate a dress code and time and attendance policies. This agreement does not affect Erie County Medical Center (ECMCC) CSEA employees that have negotiated its own separate agreement.

The proposed percentage raises are:

YEAR	RAISE
2007-2012	0.0%
1/1/13	1.0%
7/1/13	1.5%
1/1/14	2.0%
1/1/15	2.0%
1/1/16	1.5%
7/1/16	1.0%
1/1/17	1.5%
7/1/17	1.0%

The health care benefit changes are significant. Current employees, as soon as practical after ratification, will be moved from the Core Plan to the Value Plan. The Value plan is \$53 a month less expensive for single coverage and \$108 a month less expensive for family coverage.

In addition to higher co payments it eliminates massage therapy and acupuncture coverage. The County will pay 100% for current employees until January 1, 2017 when all current employees will begin paying 7.5% of the premium.

Employees hired after ratification will receive the Value plan and will pay 15% of the premium immediately. All employees will have the option of electing to have the Core or Enhanced plans with the employee paying 100% of the difference in premium.

Employees electing to waive single insurance coverage will receive \$150 a month, an increase from the current \$67 a month, and those waiving family insurance coverage will receive \$300 a month, an increase from the current \$100 a month. No waiver payments will be made to employees eligible to be covered by another county employee. All employees and their spouses are required to enroll and pay for Medicare Part A and B coverage when they become Medicare eligible.

A number of changes have been made to retiree health benefits. In short, if a current employee, with 15 years of County service, who retires prior to July 1, 2014 they will receive the Core plan at no cost. If a current employee, with 15 years of County service, retires between July 1, 2014 and December 31, 2017 they will receive the Value plan at no cost. Any current employee, with 15 years of County service, who retires after December 31, 2017 will pay 7.5% of the Value plan.

If at retirement they are enrolled in Medicare they will receive their choice of Medicare Advantage Plans. If they are not Medicare eligible at retirement, once they become Medicare eligible they and their spouses must enroll in Medicare Part A and B, at their expense, and choose an appropriate Medicare Advantage Plan. Employees, with 15 years of county service, hired after ratification will receive no employer paid health insurance upon retirement but depending upon how much sick time they have at retirement will be eligible for payments of \$5,000 - \$10,000 toward County provided coverage.

This office has reviewed the proposed agreement and has estimated the net cost of the agreement to be close to \$21 million over the life of the contract. Our calculation took into account the gross cost of the wage increases with fringe benefits, pension and FICA, and deducted state/federal reimbursements, and savings from switching to the value plan.

We did not estimate any savings resulting from retirements of current employees and replacement of them by new employees that would begin immediately paying 15% of health coverage, possible lower retirement expense if they enroll in Tier 6 of the New York State retirement plan and no employer paid retiree health insurance. Nor did we try and quantify any impact from an acceleration of retirements due to the changes in health care benefits. It does not include the impact of this contract on Erie Community College.

The contract is before the CSEA membership and ballots are expected to be counted on May 3, 2013. If ratified by the membership the Poloncarz administration will present it to your Honorable Body for approval. If your Honorable Body has any questions my staff and I are available to answer them.

Sincerely yours,

Stefan I. Mychajliw  
Erie County Comptroller

Cc: Erie County Fiscal Stability Authority  
Mark Poloncarz, Erie County Executive