



Pennsylvania's State Union Contracts

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Background

On June 30, 15 of the state's 19 government union contracts expire, with two more expiring in August. These 19 public sector unions represent 62,271 state employees, whose compensation from taxpayers exceeds \$4.6 billion.

The average wage, including benefits, for state government employees has **risen by 45%** over the past 10 years, more than double the rate of inflation (22%). Private sector wages have risen only 34%.¹

In order to address the continuing economic recession and loss of federal stimulus money, as well as spending growth that has exceeded the rate of inflation and long-term fiscal imbalances, policymakers must scrutinize government employee compensation and bargaining powers. The following analysis and recommendations will provide a guideline for reforming government employment and aligning public sector compensation with that of the private sector.

Union Contract Provisions²

Contracts for the various state government unions are very similar in their core provisions. This patterned bargaining allows the unions to work as a team, or in tandem, during contract negotiations. The American Federation of State, County, and Municipal Employees (AFSCME) contract is usually the first (or master) agreement as it covers the most (nearly 33,000) government workers.

Some of the main provisions concerning wages, benefits, and key provisions in the contracts include:

- **Fair Share Fees.** State government employees who do not wish to join the union are forced to forfeit a portion of their paychecks called an "agency" or "fair share" fee. This fee—usually about 80% of membership dues—purportedly covers only the individual's share of collective bargaining costs. Fee payers do not have voting privileges and are ineligible for legal representation and professional liability insurance from the union. Of course, all employment laws and protections apply to all employees regardless of their union status.
- **Dues Deduction.** Employees never receive their union dues or fair share fees. Through contract provisions, Pennsylvania's government unions mandate that the *state withhold dues and fair share fees from the worker's paycheck*. The state then writes a check to each union for the amount withheld from employee paychecks. In total, the commonwealth withheld and paid more than \$33 million in dues and more than \$7 million in fair share fees to these 19 unions in 2010.

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The average total compensation for government workers in Pennsylvania has risen to \$73,994, a full \$22,760 more than the average private sector total compensation of \$51,234.

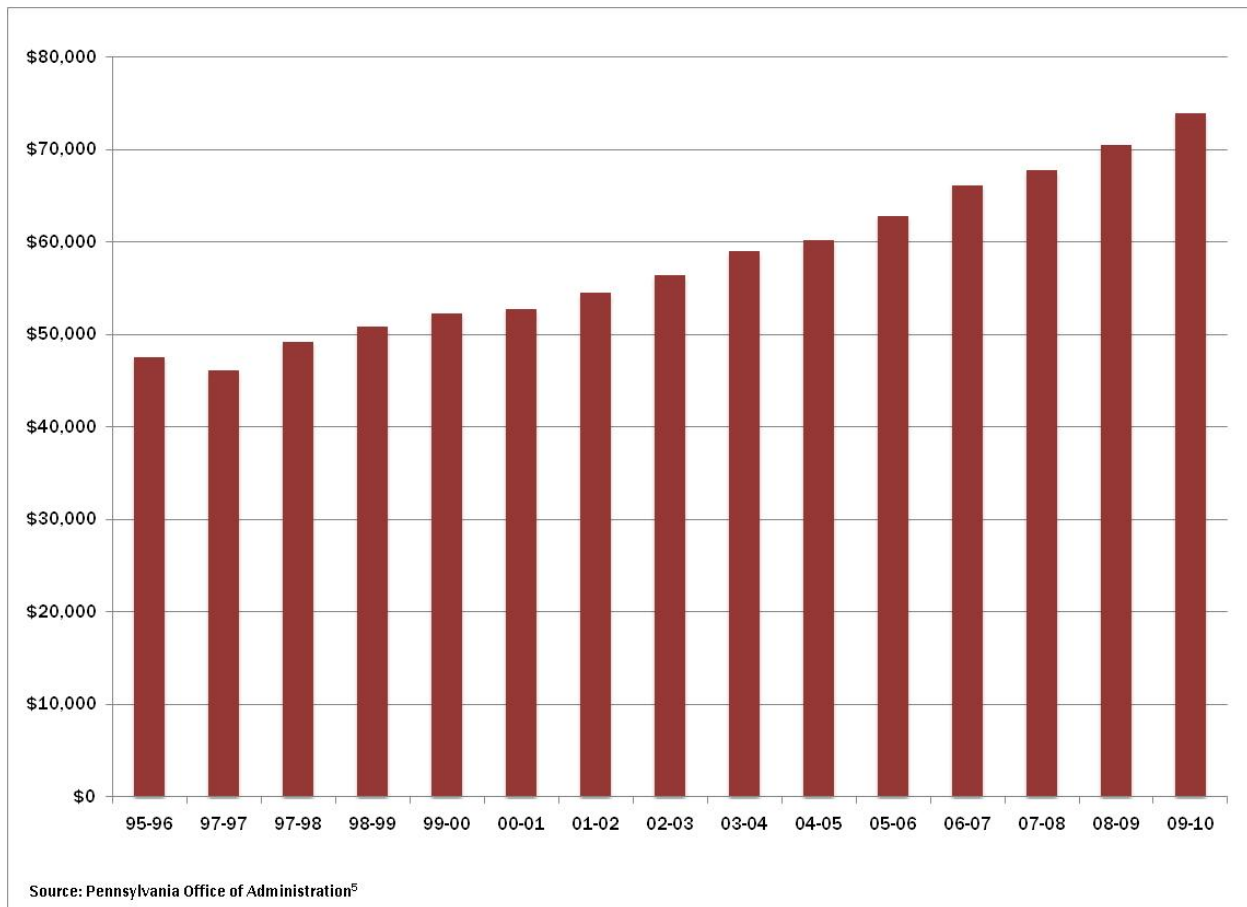
- **Political Action Contributions.** Five of the contracts require the state to collect (via paycheck withholding) voluntary contributions to the union’s Political Action Committee (PAC). These PACs can then contribute directly to the campaigns of political candidates. No other private or political organization enjoys such financial privileges.
- **Maintenance of Membership.** If present in their contract, this provision prevents unionized workers from leaving the union for the duration of the contract. Only the United Food and Commercial Workers (UFCW), the government liquor store union, currently has this provision.
- **Holidays.** State union contracts guarantee an average of 11 holidays per year. Fifteen union contracts give their workers the Monday or Friday off should the holiday fall on a weekend, and two unions, the UFCW and the Pennsylvania State Troopers Association (PSTA), even have both the primary and general election days as holidays.
- **Vacation.** Most state government union members receive paid vacation days ranging from 2.7 to 10% of days worked, depending on years in service. Fourteen of the unions earn sick days at a rate of 5% of days worked. In addition, most unionized employees earn two to four paid personal leave days per year. Overall, state government employees *average 41.2 days off per year*.
- **Health Care.** Employees in state government unions contribute 3% of their salary to their health coverage. Using the average state worker salary, this represents a comprehensive family health care plan for \$123 per month. In comparison, the average private sector employee typically pays a percentage of the health care costs rather than wages—sharing in the burden of rising health care costs or more generous health care benefits. According to Kaiser Family Foundation, the average employee in Pennsylvania pays \$231 per month for a family plan.³
- **Wage Scale.** Unionized state employees are compensated based on job classification and number of years in service. Wage scales in union contracts provide annual increases in pay regardless of job performance. Union contracts also specify the annual increases for a positions and seniority increases. In the current union contracts, wages increased by 3%, 3%, and 4% the last three years for most positions, and seniority increases (raises for employees staying in their job) were 2% each year. The average total compensation for government workers in Pennsylvania has risen to \$73,994, a full \$22,760 more than the average private sector total compensation of \$51,234.⁴
- **Overtime.** The commonwealth spends more than **\$173 million on overtime costs** for state government employees.
- **Miscellaneous provisions.** The AFSCME contract mandates “the employer will not require employees to continuously perform repetitive keyboard motions at a VDT in excess of two consecutive hours,” and to break up repetitive work, “the employer will attempt to provide 15 minutes of alternative work with the employee’s job classification or give a break period.” The PSCOA contract awards one “Stress Day” of paid leave per year for each employee of five years or longer. The UFCW has a clause in their contract that forces any future liquor store employer to honor the union’s contract in the case of privatization.

Table 1: Pennsylvania State Government Union Contracts, Select Contracts and Provisions

Union	Dues Deducted	PAC Deduction	Salary Mean	Entry Salary	Maximum Base Salary ~20yr	Avg. Cost of Benefits	Sick Days	Leave	Vacation Days	Holidays	Health Care Contribution
AFSCME	Yes	Yes	\$41,260	\$20,363	\$84,082	\$22,226	5%	2-4/yr	2.7%-10%	11+MF	3%
CBA	Yes	No	\$81,906	23.23/hr	55.42/hr	\$30,425	5%	2-4/yr	2.7%-10%	11+MF	3%
CNEA	Yes	No	\$64,199			\$27,480	5%	2-4/yr			3%
FOP	Yes	No	\$53,807			\$26,753	5%				3%
FOP	Yes	No	\$53,807			\$26,753	5%				3%
FOSCEP	Yes	No	\$62,783			\$27,244	5%	2-4/yr	2.7%-10%	11+MF	3%
PLEA	Yes	No	\$47,586	\$41,039	\$62,383	\$25,602	5%	2-4/yr	2.7% to 10%	11	3%
PSCOA	Yes	Yes	\$49,559	\$23,360	\$57,685	\$25,967	4-26/yr		15-35/yr	11	3%
PSEA	Yes	No	\$70,948	\$34,997	\$90,715	\$28,602	10/yr	3/yr	2.7% to 10%	11+MF	3%
PSRA	Yes	No	\$49,816			\$26,015	5%	2-4/yr	2.7%-10%	10+MF	3%
PSSU	Yes	Yes	\$49,527	\$19,091	\$99,267	\$25,040	5%	2-4/yr	2.7%-10%	11+MF	3%
PSTA	Yes	Yes	\$59,613			\$26,753	5%	2-4/yr			3%
SEIU	Yes	Yes	\$66,912	\$19,091	\$99,267	\$27,931	2.31%-5%	2-4/yr	3.85%-10%	10+MF	3%
UFCW	Yes*	Yes	\$31,564	11.34/hr	21.27/hr	\$22,029	5%	2-4/yr	2.7%-10%	12+MF	3%
UGSOA	Yes	No	\$34,903	\$24,235	\$54,643	\$22,594	5%	2-4/yr	2.7%-10%	10	3%

* has maintenance of membership provision

Union	Description	Count
AFSCME	Most State Employees	32,851
CBA	PUC Attorneys	26
CNEA	Corrections Education Teachers	420
FOP	Capitol Police	108
FOP	Conservation Officers	250
FOSCEP	Educational & Cultural Liquor Enforcement Officers	342
PLEA	Corrections Officers	101
PSCOA	Non-Tenured Teachers	10,392
PSEA	DCNR Rangers	28
PSRA	Social Workers	76
PSSU	State Police	9,143
PSTA	Nurses, Non-Supervisory	4,366
SEIU	Liquor Store Clerks	1,305
UFCW	Security Officers	1,494
UGSOA		206

Chart 1: Average Cost per Employee of State Government Workers

Public vs. Private Employment

Government employee compensation and benefits need to be considered in light of the private sector taxpayers who pay the bills. From 2000 to 2010, employment in Pennsylvania state and local government increased more than **6%**. During this time frame, private sector jobs declined more than 2%. Unless politicians define and enforce a proper role for government, the number of government employees will continue to grow, regardless of taxpayer's ability to pay them.

Historically, working for the government has been viewed as a sacrifice, hence the term "public service." The reason was that wages were lower. Job security and a good pension were the original benefits used to attract workers to government jobs. This continued view of public service has led to a misconception that public sector employees are underpaid. This myth is now frequently the topic of debate despite evidence that the average government employee earns far more than the average private sector employee.

The common argument against this straightforward comparison is that it doesn't account for higher education levels, experience, and the union membership of government employees.⁶ But these variables represent their own problems when using them as a basis for compensation. While education may qualify an employee for higher-level work, it is not a substitute for performance-based pay. Furthermore, the higher pay of government jobs may attract more educated applicants, rather than vice-versa. For instance, a security guard with a medical degree does not merit the same salary as a doctor.

Chart 2: Average Annual Compensation per Employee by Union

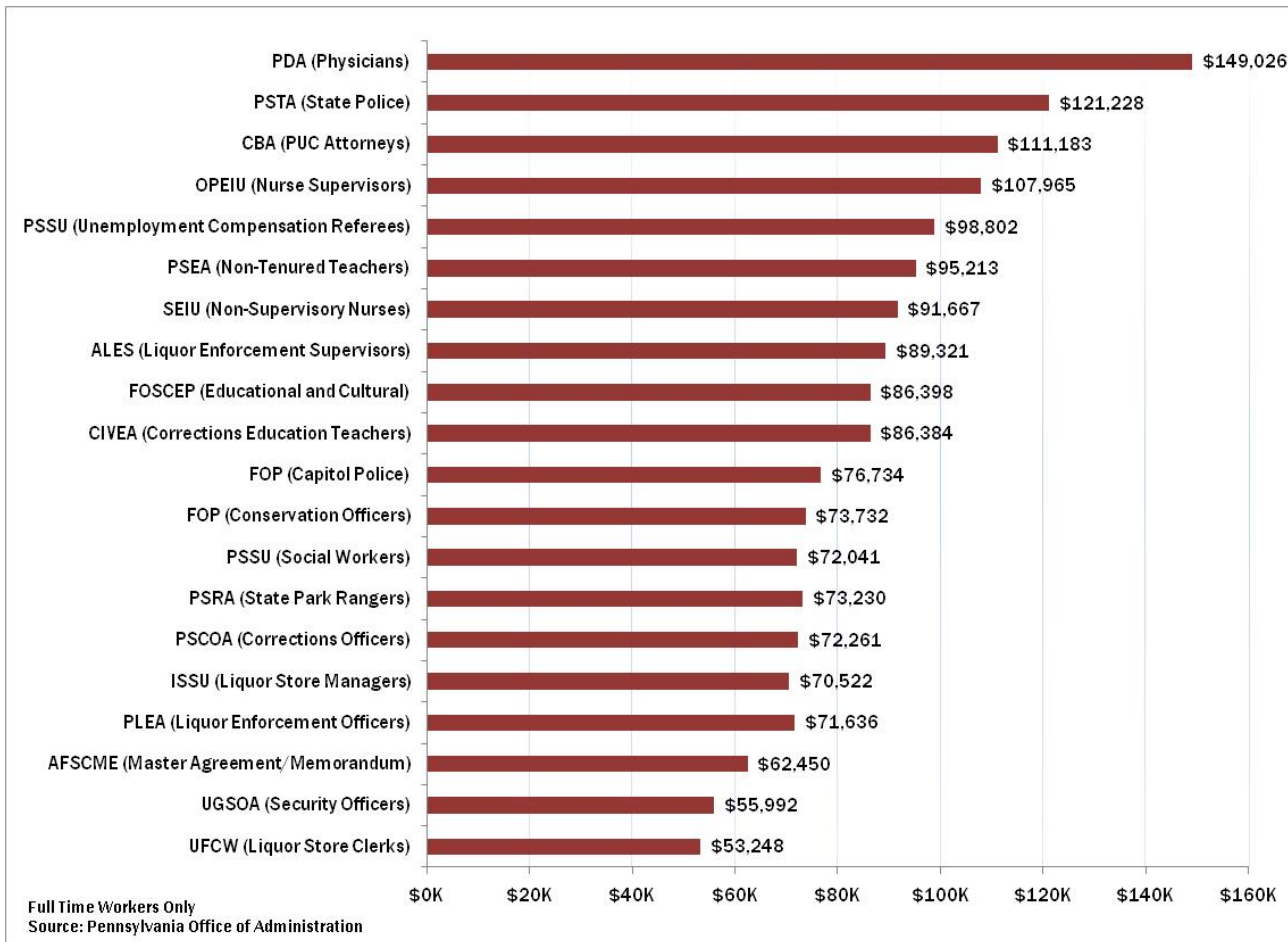
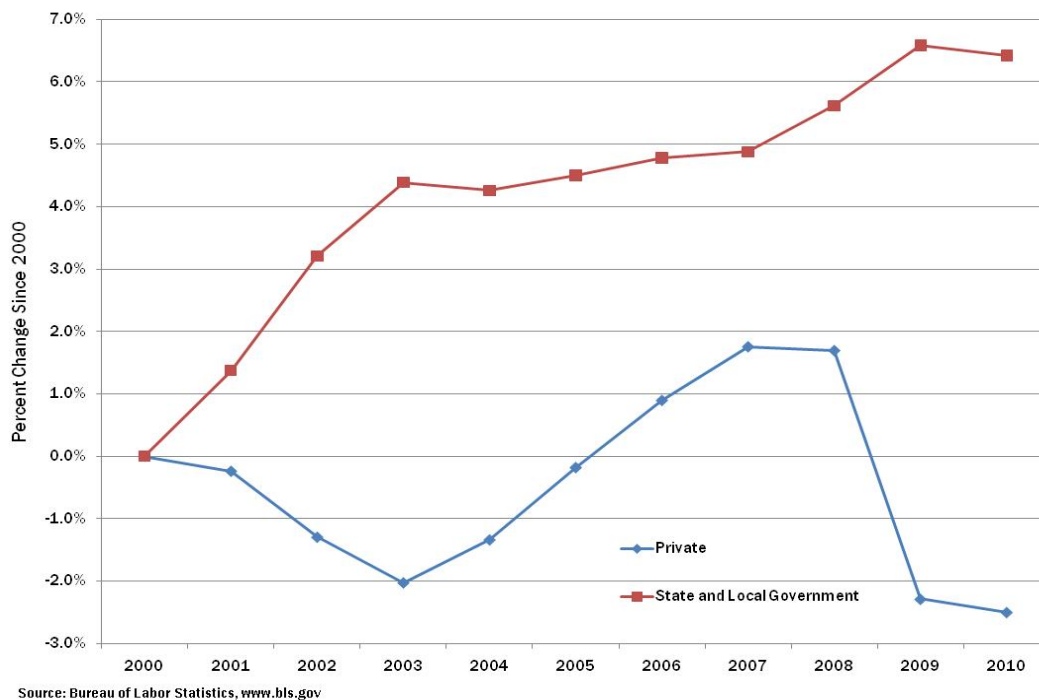


Chart 3: Pennsylvania Public vs. Private Employment



The average tenure of government employees is also twice as long as the private sector, another argument used to justify higher wages.⁷ However, job security represents a benefit for workers, rather than a justification of additional pay. Government workers fare better in recessions, with layoffs and discharges occurring at just one-third the rate of private sector. In addition, the average voluntary quit rate in the state and local workforce is just one-third the rate in the private sector, indicating government jobs remain more attractive for many workers than private employment.⁸

Union membership is also no reason to justify higher wages. As many Midwest manufacturing companies are facing bankruptcy as the result of union-inflated wages, the idea that higher wages are justified due to bargaining practices is unfounded. Twelve states have even banned collective bargaining for government employees in order to curb the cost inflating effects of unions.

As Table 2 shows, the idea that government employees are paid less than those in the private sector does not bear out. When comparing wages and benefits within sectors of the economy, public employees are paid more in every sector except for management and professional positions, which earn equal compensation.

Table 2: Private vs Government Employees Hourly Costs, 2009

Private Sector	Wages	Insurance	Retirement	Total Benefits	Total
All	\$19.41	\$2.15	\$0.92	\$8.00	\$27.42
Management, professional, and related	\$34.12	\$3.20	\$1.81	\$14.07	\$48.19
Sales and Office	\$15.53	\$1.90	\$0.60	\$6.07	\$21.60
Service	\$10.32	\$0.93	\$0.21	\$3.34	\$13.66
State and Local Government					
State and Local Government	Wages	Insurance	Retirement	Total Benefits	Total
All	\$26.11	\$4.61	\$3.19	\$13.49	\$39.60
Management, professional, and related	\$32.96	\$5.11	\$3.78	\$15.19	\$48.15
Sales and Office	\$16.94	\$4.21	\$2.00	\$10.63	\$27.57
Service	\$17.72	\$3.71	\$2.83	\$11.65	\$29.37
Teachers	\$38.83	\$5.63	\$4.54	\$16.02	\$54.85
Government Premium					
Government Premium	Wages	Insurance	Retirement	Total Benefits	Total
All	35%	114%	247%	69%	44%
Management, professional, and related	-3%	60%	109%	8%	0%
Sales and Office	9%	122%	233%	75%	28%
Service	72%	299%	1248%	249%	115%

Source: Bureau of Labor Statistics, Employer Costs for Employer Compensation, national data, www.bls.gov

Conclusion

Government employment costs are nearly impossible to adjust once a contract is in place. With 17 of the commonwealth's 19 government union contracts up for negotiation, now is the time to address the trend of unsustainable government employee costs. With a total cost of \$4.6 billion per year, addressing government employee costs is critical if legislators are serious about balancing the Pennsylvania state budget and addressing long-term fiscal woes. The following recommendations will reform government employment, generate significant saving, and promote worker freedom.

Align compensation and benefits with those of the private sector: Government employees are compensated better than private sector employees who fund government. By aligning wages to levels seen in similar private sector work, moving to defined-contribution pensions, and basing employee's health care contributions on the cost of insurance, the state can save money and improve accountability for our tax dollars.

Eliminate mandatory withholdings from employee paychecks: Getting the state out of the business of collecting union dues from worker's paychecks, not to mention union PAC contribution, would save the commonwealth payroll costs associated with payroll withholding, and would protect taxpayers from having their taxes used to support organizations often working against their best interest.

Modify collective bargaining: By limiting collective bargaining powers for government employees to salary only, as states such as Wisconsin and Ohio have done, union contract negotiations won't tie elected officials to unaffordable health care and other benefit arrangements, allowing them the flexibility to address government compensation costs. Government employees would be treated as other professionals in the private sector.

Make Pennsylvania a Right-to-Work state: Government workers should be allowed to choose whether or not to join or financially support a union. Employees should not be forced to contribute to an organization they do not feel represents their interests.

Removing mandatory union withholdings from employee paychecks, modifying collective bargaining and making Pennsylvania a right to work state will go a long way in restoring taxpayer accountability in Harrisburg.

Endnotes

1. Pennsylvania Office of Administration, 2011 Government Workforce Statistics, http://www.oabis.state.pa.us/SGWS/2011/SGWS_Main.html; Bureau of Labor Statistics, "Wages by Area and Occupation," <http://www.bls.gov>.
2. Pennsylvania Office of Administration, Human Resources—Bargaining Agreements, http://www.portal.state.pa.us/portal/server.pt/community/human_resources/404.
3. Kaiser Family Foundation, State Health Facts, <http://www.statehealthfacts.org/comparetable.jsp?typ=4&ind=271&cat=5&sub=67>
4. Pennsylvania Office of Administration, data provided to the Commonwealth Foundation per request, 2011.
5. Ibid.
6. Valentine, Lisa. "Public and Private Sector Compensation: What is Affordable in this recession and beyond." *Chicago Fed Letter*, <http://www.docstoc.com/docs/7191103/Public-Vs-Private-Sector-Compensation>.
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8. Ibid.

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