

Government Union Contracts Increase Again

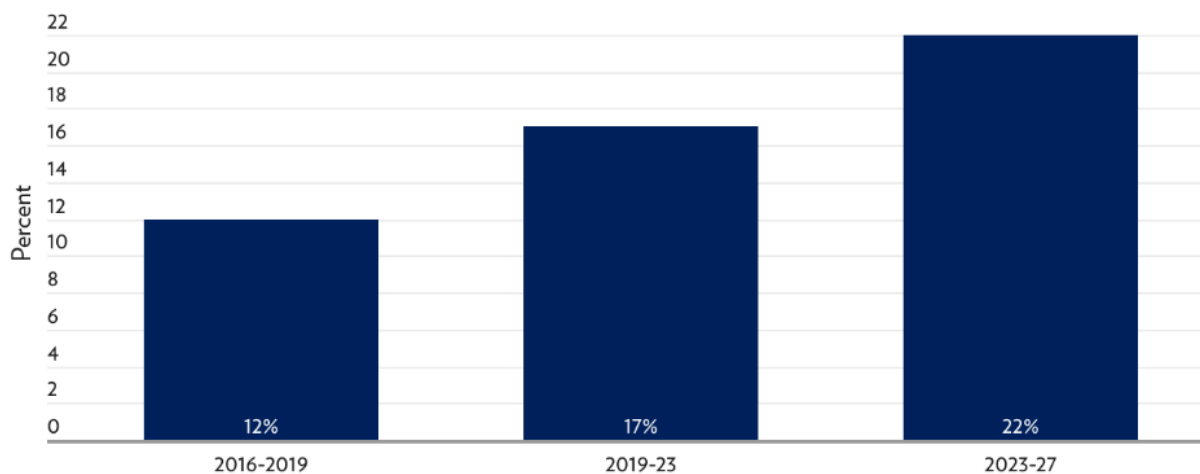
SUMMARY

- Pennsylvania elected officials routinely and secretly negotiate billion-dollar labor contracts with government union leaders from whom they often receive political donations.
- These labor contracts are a major cost of state government. Yet, most Pennsylvanians can't see the contracts until after they receive ratification.
- The recently negotiated 2023 contracts are estimated to cost taxpayers an additional \$3.2 billion over four years.
- Pennsylvania should require publicly posting tentative contracts online before ratification. By subjecting pending union contracts to sunshine laws, elected officials can ensure contracts are negotiated fairly, to both compensate public sector workers appropriately and respect the costs borne by citizens.

RECENT CONTRACTS

2023 Government Union Contract Increase

The 22% salary increase and \$3.2 billion in additional cost is the largest increase in recent history.



Source: IFO Budget Impact of Wage Contracts 2023, http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/RB_2023_08_Wage_Contract.pdf. Note in addition to the AFSCME contract, the state is yet to ratify several smaller contracts that will increase the total cost to taxpayers.

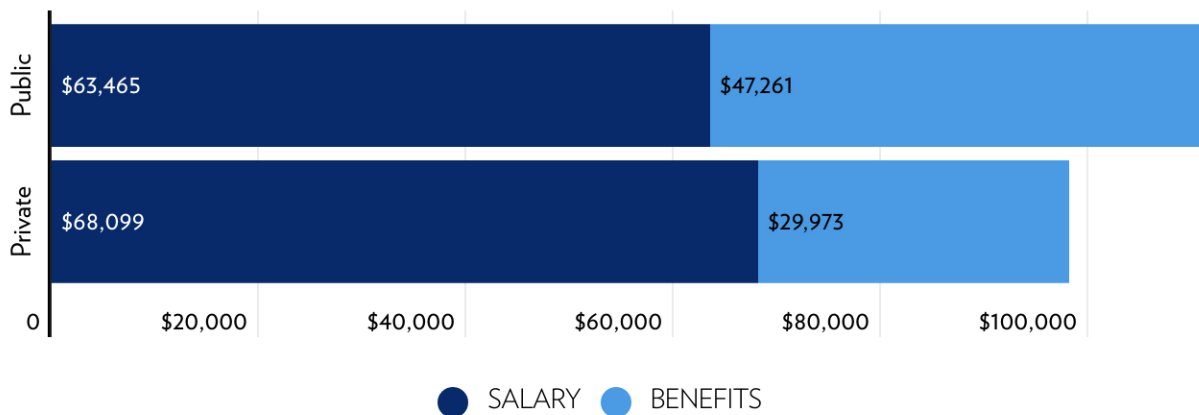
The 2023–27 Contract: A [tentative agreement](#) reached with Gov. Josh Shapiro’s administration will **cost an additional \$3.2 billion** and provides the greatest percentage increase with the largest of the state employee unions in the past 20 years, if not longer.¹

- A **22.1 percent salary increase**, costing an additional \$1.725 billion at the end of the closing fourth year of the contract.
- A cumulative increase in benefits of \$1.461 billion over four years.
- The contract also [increases employees’ contribution to health care](#) by a quarter of a percent this month and again in July 2026 while increasing the employer’s—or taxpayer’s—contribution by 28 percent over the contract’s life.

Total compensation exceeds industry standards. According to the most recent 2023 state [workforce statistics data](#), Pennsylvania state workers earn, on average, \$110,726 in compensation, with benefits alone doubling over the past 10 years.

- In comparison, private employees in [Mid-Atlantic states](#) earn \$47.15 an hour or \$98,072 a year, with the cost of benefits [rising 40 percent](#) over the past 10 years.

Public v Private Employee Compensation, 2023



Source: Office of Administration, “2023 State Government Workforce Statistics.” Bureau of Labor Statistics, “2023 Employer Costs for Employee Compensation.”

The 2019–23 Contract: Cost an additional [\\$1.15 billion](#) over four years, including:

- A cumulative [17 percent salary increase](#), equating to an additional \$1.04 billion by 2023.
- And annual increases in employer health care contributions, without employee contribution increases, of \$106 million.

The 2016–19 Contract: Cost an [additional \\$591 million](#) by 2019, including:

- A **12 percent cumulative salary increase**, cost an additional \$534 million over three years.
- A \$57.9 million increase in health care contributions.

THE BROKEN PROCESS

Government union leaders negotiate contracts with the public officials they help elect. The **American Federation of State, County, and Municipal Employees (AFSCME), Service Employees International Union (SEIU), United Food and Commercial Workers (UFCW), and other government unions donated over \$5.5 million to Shapiro’s campaign**. This does not include members’ dues spent on voting guides, political communications, and get-out-the-vote efforts.

Although state law guarantees public access to many government records, final union contracts—which determine employee salaries, benefits, health care contributions, and employment conditions—become available only *after* their ratification.

- Via [Act 15 of 2016](#), the Independent Fiscal Office (IFO) must provide an [analysis](#) of a state union contract’s additional costs (salary, benefits, and healthcare) *after it’s certified*.

According to the [latest 50 State Labor Report](#), 15 states require some or all union contract negotiations to be open to the public transparency. In most cases this includes access to proposed contracts and other negotiation materials.²

TRANSPARENCY AND ACCOUNTABILITY

Lawmakers have introduced initiatives in defense of taxpayers’ “[right to know](#)” and their need for “[openness](#)” concerning the state’s collective bargaining negotiations.

- [Senate Bill 399](#) (Sen. Patrick Stefano, 2023–24 Regular Session) would require public posting of all contracts *before* they go into effect.
 - Texas and [Louisiana](#) require publicly posting contracts before official ratification.
- [Senate Bill 448](#) (Sen. Ryan Augment, 2019–20 Regular Session) would open contract negotiations to the public under Pennsylvania’s Sunshine Act. The legislation allows public access to negotiation and contract documentation. Posting negotiation session minutes and documents, as well as proposed and finalized contracts, provides public access during and/or after the negotiations.
- [Senate Bill 449](#) (Sen. Scott Martin, 2019–20 Regular Session) removes negotiation records’ current exemption from the Right to Know Law.
 - Documentation availability can fall within a range. For instance, [Alaska](#) provides school districts contract proposals and final agreements only, and in [Minnesota](#), recorded meetings are available for only two years.
 - [Washington](#) additionally requires a contract summary and has a mechanism for reopening the contract.

¹ The total cost for 2023 contracts will increase once the commonwealth finishes negotiations for smaller collective bargaining units that typically follow the structure of the AFSCME contract. Cost estimates for 2019 and 2016 reflect all contracts.

² These states include Colorado, Florida, Georgia, Indiana, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Tennessee, and Wisconsin.