

From: Mayor
Sent: Wednesday, March 16, 2011 11:30 AM
To: All Email Users
Subject: Update on Union Contracts

Dear Colleagues,

I want to update you on the latest developments on the State and City budget fronts.

Legal Actions: The City of Madison and others have asked the District Attorney and Attorney General to sue in court to stop the union-busting provisions in the Governor's budget repair bill from going into effect as scheduled on March 26th, due to violations of the open meetings law. We expect a decision from the District Attorney soon. If the DA declines to pursue the case, we then can do so on our own. In the meantime, a separate court action by Dane County asks the court to stop the new law from going into effect. The outcome of that case is uncertain. Last night, the Common Council authorized the City Attorney to commence our own court action to challenge the law, which we expect to occur soon.

Budget Projections: **We now have more detailed budget projections from the Legislative Fiscal Bureau on the potential impact of the Governor's proposed biennial budget.** The news is somewhat better than our earlier projections (cuts in the \$8 to \$9 million range as opposed to \$11 million), but still the deepest cuts in recent history. We are still looking at an overall budget hole of about \$20 million to \$30 million for 2012. And since Governor Walker has severely limited our ability to raise taxes to cover the deficit, **we may be forced to make drastic cuts in services and staff.**

Union Negotiations: AFSCME approached me this weekend asking to work together now to head off layoffs in 2012 by extending their contract by 15 months and adding a 3% wage increase at the end of 2013 in exchange for pension contributions, a lower pay increase in 2012 and an agreement to work to avoid layoffs. The proposal we worked out would extend their contract for the very longest period allowed by law to March 2014. **It would provide for pay increases of 2% at the end of 2011, 2% at the end of 2012 and 3% at the end of 2013.** Members would pay for half of their pension contributions starting in 2012. Health insurance contributions would be unchanged in 2012. In 2013 AFSCME employees would pay 6% of the cost of their premiums as compared to 12% under the current contract. In 2014 they would pay 12% as required by law when the contract expires. This will help us balance the budget in 2012 in exchange for additional pay increases down the road. We agreed that if our ability to collectively bargain is reinstated by the legislature, we can reopen the contract by mutual agreement.

AFSCME employees will vote on the proposal on Thursday. Other unions are considering the same agreement and will also hold ratification meetings this week. **I will call a special session of the Common Council next week to approve agreements that are ratified.**

While I know not everyone will agree with the proposed contract change, I want you to know it was arrived at through the collective bargaining process. Both sides gave to achieve common ends. And the proposed agreement does provide for pay increases each year, delays full implementation of the health insurance contribution, and gives us a much better chance of avoiding layoffs. If all unions took the AFSCME proposal we would solve one-third to one-half of our projected budget deficit for next year. I pledge to work with the Council to find the rest in a way that avoids layoffs or dramatic cuts to services.

These are difficult times. But we'll get through it if we pull together and keep talking.

Sincerely,
Dave Cieslewicz

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