



Frequently Asked Questions  
**Collective Bargaining in Iowa**  
*February 2007*

**Q1: What is the history of collective bargaining in Iowa?**

A1: Iowa's Public Employment Relations Act was signed into law by Governor Robert Ray on April 23, 1974 and became effective July 1, 1975. Its avowed public purpose is the promotion of "harmonious and cooperative relationships between government and its employees." Specifically, the statute grants employees of the State and its political subdivisions, including cities, counties, and school districts, the right to join and participate in employee organizations, and the right to bargain collectively through such employee organizations.

The act contains detailed procedures by which employees can exercise those rights, including provisions for the determination of appropriate bargaining units, representation elections in which employees may select an employee organization to bargain on their behalf, prohibited practice provisions which prescribe certain conduct and activities, and provisions requiring the periodic reporting of finances by employee organizations.

The administration of this act is vested with the Public Employment Relations Board, a quasi-judicial administrative agency that operates under the Iowa Administrative Procedure Act. The board conducts hearings and issues legal decisions in unit determination and representation matters, prohibited practice complaints and petitions for declaratory ruling. A staff of administrative law judges also performs, by delegation, this function.

The Board also administers other provisions of the Act, providing mediators, fact-finders, and arbitrators in collective bargaining impasses. It collects data and conducts studies relating to wages, hours, benefits, and other terms and conditions of public employment; and it collects registration reports and annual reports, including financial statements, from employee organizations. It also adjudicates discipline and grievance appeals filed by state employees and not covered by a collective bargaining agreement.

There are approximately 19,700 Executive Branch non-Regents employees employed by the State in addition to 308 part-time employees in the Executive Branch and there were 1,082 temporary employees as of the end of the 2006 fiscal year; these employee numbers exclude Regents, Community-Based Corrections and the Fair Authority. Nearly half of those employees have exercised rights granted by the statute, and belong to units that have selected an employee organization to represent them in collective negotiations with their employers. It is the responsibility of the Public Employment Relations Board to oversee those negotiations and assure that the rights of these employees are preserved and protected.

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**Q2: What is the role of elected officials and Executive Branch agencies in collective bargaining?**

A2: *The General Assembly* appropriates funding for salaries and benefits for all state employees, including those covered by collective bargaining agreements (CBA).

*The Governor* determines the direction and financial parameters for the Executive Branch proposals to the unions. He approves all settlements on behalf of the Executive Branch.

*The Department of Management (DOM)* is consulted during the proposal development process, and assists during negotiations by determining the actual cost of proposals. A representative of DOM attends each bargaining session.

*The Department of Administrative Services (DAS)* manages the collective bargaining process and the daily administration of the CBA. As defined in Chapter 19A of the Iowa Code, the Director of the Department of Administrative Services serves as chief negotiator during the State's collective bargaining activities. DAS's labor relations team assists with the process.

*The Judicial Branch* negotiates two collective bargaining agreements totally separate from the Executive Branch. Those contracts are under the direction of the Judicial Branch personnel.

*Regents* AFSCME-covered employees are included in the Executive Branch AFSCME CBA. Traditionally, since the inception of negotiations for public sector employees, those Regent employees eligible for representation by AFSCME Iowa Council 61 have been addressed in the course of normal contract negotiations between the State of Iowa and AFSCME Iowa Council 61.

**Q3: Who negotiates on behalf of the Executive Branch and why?**

A3: A bargaining team with the following members is established for each contract:

- By statute, the Chief Negotiator is DAS director, Mollie Anderson.
- Chief Spokesperson is an external legal consultant, James C. Hanks, whose contract can be terminated at any time.
- A lead team member from the DAS labor relations staff.
- A representative from the Department of Management.
- Management representatives from departments with employees covered by a collective bargaining agreement and from DAS.

Under the direction of the Chief Negotiator and Chief Spokesperson, DAS develops the initial proposal that is given to the union. The proposal is approved by the Governor. DAS provides advice and counsel regarding issues that have occurred during the current contract term that may influence the union's initial proposal.

*The Chief Spokesperson*

External legal consultant James C. Hanks is employed by the Des Moines law firm, Ahlers & Cooney, P.C. The periodic, recurring nature of collective bargaining negotiations, and Mr.

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Hanks' specialized experience in local government and employment law, make this consultative relationship more cost-effective than the alternative of retaining full-time staff within the Department of Administrative Services. While the cost of these services varies according to the time required for completion of the process, the contract provides that fees for negotiations cannot exceed \$80,000, and fees for each interest arbitration cannot exceed \$15,000.

Mr. Hanks is well qualified for his role. He attended the University of Iowa and received his B.A. in 1972 and his J.D., with high distinction, in 1975. He is a member of Phi Beta Kappa and was nominated for a Rhodes scholarship in 1972 by the University of Iowa. He was admitted to the Iowa Bar in 1975 and to the Nebraska Bar in 1976. He is a member of the Firm's Local Government Law and Employment Law and General Litigation departments.

He is a member of the American Bar Association where he serves as a Council Member and Chair of the Public Education Committee for the Section of State and Local Government and as a member of the Section of Labor and Employment Law. He is also a member of the Iowa State Bar Association and its Section of Labor and Employment Law and the Nebraska State Bar Association. He is past chair of the National School Boards Association Council of School Attorneys, past chair of the Iowa Council of School Board Attorneys, and past chair of the Iowa State Bar Association Labor Law Committee.

Mr. Hanks has served as lecturer on education or employment law issues for the University of Iowa College of Law, the National School Boards Association, the National Organization for Legal Problems in Education, the American Bar Association, the National Association of State Boards of Education, and the Iowa, Nebraska, Kansas, and Michigan Councils of School Attorneys. He is author of "Employment at Will," NSBA Council of School Attorneys Annual Proceedings, 1984; "Fair Labor Standards Act Amendments of 1985," Inquiry and Analysis, NSBA Council of School Attorneys, May, 1987; and "Ethics and the School Board Lawyer," NSBA Council of School Attorneys Annual Proceedings, 1995.

**Q4: What are the mandatory subjects of bargaining?**

A4: Mandatory subjects of bargaining are those topics that, by law, must be negotiated when insisted upon by either labor or management. These are described in Iowa Code Section 20.9 to include: wages, hours, vacations, insurance, holidays, leaves of absence, shift differentials, overtime compensation, supplemental pay, seniority, transfer procedures, job classifications, health and safety matters, evaluation procedures, procedures for staff reduction, in-service training, and other mutually acceptable matters.

**Q5: Who is covered?**

A5: The numbers of union employees in the Executive Branch are tallied below for FY 2006, excluding Fair Authority, Community-Based Corrections, or Regents employees. With those exclusions, 16,081 or 82 percent of Executive Branch employees are represented by union.

<u>Union</u>	<u>Primary Bargaining Agent</u>	<u>Employees Represented</u>
American Federation of State, County and Municipal Employees-Iowa Council 61 (AFSCME)	Danny Homan President, AFSCME	12,801 employees including clerical, technical, blue collar, fiscal, staff, security and patient care bargaining units.
United Electrical, Radio and Machine Workers of America Local 893-Iowa United Professionals (UE/IUP)	Becky Dawes President, UE/IUP	2,664 employees including social service and science bargaining units.
State Police Officers Council (SPOC)	Mark Bowlin President, SPOC	616 employees including the public safety bargaining units.

**Q6: What are the steps in the collective bargaining process?**

A6: Steps and prescribed intervals are:

- By Iowa Code, the entire collective bargaining process, including any arbitration, must be completed by March 15.
- Representatives of the union present their initial bargaining position. AFSCME will give the State their proposal on November 15, 2006. Session 1 is scheduled to allow completion of the last possible step of the bargaining process, no later than March 15, 2007. Dates for IUP and SPOC have not been scheduled.
- Representatives of the State present initial bargaining position. Session 2 is held no later than two weeks following Session 1. This year, session 2 with AFSCME is scheduled for November 29. The State’s proposal is based on items in the union’s initial proposal, its experience during the previous contract period, and input from departments in state government. The proposal is designed to accomplish the State’s goals in a setting where “give and take” bargaining is an integral part of the process.
- Negotiation sessions are held. These sessions normally are held during a week in December, and several days in January and early February. We typically try to have no more than 15 days of bargaining.
- If needed, a mediator is appointed. If an impasse exists following negotiations or as requested by either union or State during negotiations, the PERB appoints a mediator who works with both parties to develop a compromise.

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- If needed, a fact-finder is appointed. In the event that a mediator is unsuccessful, a fact-finder is appointed 10 days after appointment of mediator. With the State and each of the three unions, fact-finding is typically waived and we go directly to arbitration.
- Fact-finder's issues are delivered to the union and State within 15 days after appointment of fact-finder.
- Public employer and employee organizations accept/reject fact-finder's recommendation. This step takes place immediately unless an accept/reject vote of governing body and members of the employee organization is required. If a vote is required, it must take place within five days.
- If needed, the fact-finder's report is made public by the PERB. The report is made public ten days after it is submitted if dispute continues.
- If needed, arbitrators are appointed. If an impasse persists after the fact-finder's recommendations are made public and one or both parties to negotiations requests arbitration, an arbitrator selects one side's proposal to be contracted. The arbitrator takes into account ability to pay, bargaining history, and outcomes of similar negotiations in other comparable cities or states. Arbitration of the AFSCME agreement, if necessary, will take place February 19-23, 2007.
- Arbitrators' decision is announced. The decision is due and made public within 15 days of first arbitration meeting. The final deadline for negotiated agreement or arbitrated settlement is March 15.
- Contract is signed by the Governor and the president of each union.
- If needed, post-contract revisions are negotiated. Once a contract has been signed, the collective bargaining agreement can be reopened for negotiations if both parties agree. Both parties must agree upon the terms for reopening the contract. This happened when state workers agreed to delay wage increases from July 2002 to November 2002. Iowa state employees are the only state employees in the U.S. to agree to such a contract modification, which saved the State \$10.5 million.

Iowa Code authorizes the Public Employee Relations Board (PERB) to set schedule intervals and a date by which any impasse item must be submitted to binding arbitration or other procedures to assure that collective bargaining agreement negotiations are completed no later than 120 days prior to the certified budget submission date of the year in which the agreement becomes effective.

Only the exchange of initial proposals is subject to the State's open meeting requirements. Negotiating sessions, strategy meetings, and mediation and deliberation process of arbitrators are closed to the public.

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**Q7: What is the cost of the proposals received and offered at this state of negotiations?**

A7: At the beginning of each two year collective bargaining cycle, the Department of Management (DOM) estimates the additional cost per year contained within the bargaining proposals. This cost includes annualization of costs based on prior changes and new costs due to new changes for each fiscal year of the contract.

Please note that the annualization in FY08 is not a part of the new contract, it is the tail for cost changes that occurred in the last year of the prior contract but will take effect in FY08. Similarly, DOM also identifies the tail of costs associated with the new contract which will fall outside the two year cycle but is directly related to the changes included within this cycle.

The table below lists DOM cost estimates of the proposals for the two years covered by the next agreement, i.e., FY08 and FY09, and the tail of costs that will fall in FY10. The collective bargaining proposal costing includes all sources of funding of which the State's general fund is but one of many funding sources.

<b>Contract</b>	<b>Proposal</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>
IE/IUP	Management	\$ 10,758,612	\$ 7,288,768	\$ 2,740,797
	Union	\$ 25,089,839	\$ 16,523,312	\$ 2,964,211
AFSCME	Management	\$ 51,866,277	\$ 41,867,037	\$ 18,817,654
	Union	\$ 144,462,062	\$ 98,264,329	\$ 18,817,654
SPOC	Management	\$ 2,326,274	\$ 1,506,835	\$ 328,120
	Union	\$ 19,767,995	\$ 3,762,021	\$ 521,762

**Q8: How does the State's budget/economic outlook affect negotiations?**

A8: Early in the bargaining process, consultation with the Department of Management and the Governor takes place in order to develop a clear understanding of the State's economic picture. This status is considered and communicated to the union during the negotiation process as part of the rationale for evaluating the reasonableness of the State's offer.

**Q9: What do settlement trends show?**

A9: Information regarding trends that may affect bargaining is drawn from the decisions of third-party neutrals (fact finders and arbitrators) and from voluntary settlements which are negotiated by the parties.

From 2003-2004 through 2005-2006, there were 24 third-party neutral decisions involving the largest cities and counties in Iowa where wages were an impasse item in dispute.

For bargaining units comprised of public works, clerical, and administrative employees, the average wage rate increase was 3.21 percent (13 decisions). For bargaining units comprised of public safety employees (fire, emergency response, and law enforcement), the average wage increase was 3.01 percent (11 decisions).

In the case of both types of units, there was a noticeable difference between decisions involving cities and decisions involving counties. In decisions involving cities, the average third-party neutral decision was 3.71 percent for general bargaining units and 3.45 percent for public safety units. By contrast, in counties the average third-party neutral decision was 2.78 percent for general bargaining units and 2.08 percent for public safety units. The explanation for this differential is that Black Hawk County went to fact finding or arbitration nine times during this three-year period and was in a position to successfully assert financial distress.

Note that the figures for third-party neutral decisions do not include wage increases due to step advancement or any increased cost of insurance.

Among the largest cities and counties, there are also several reported settlements for July 1, 2007 for bargaining units comprised of employees who perform work similar to the work performed by AFSCME contract-covered employees. In city bargaining units, the average wage settlement is 3.38 percent for these employees. For city employees in public safety bargaining units (fire and police), the average wage settlement for 2007-2008 is 3.61 percent. In county bargaining units for 2007-2008 settlement for AFSCME style bargaining units show an average wage increase of 3.23 percent. For county bargaining units comprised of law enforcement employees, the average 2007-2008 wage settlement is 3.44 percent.

As was the case with third-party neutral decisions, these wage settlement figures do not include wage increases due to step advancement or any increased cost of insurance.

**Q10: What effect did the 1991 lawsuit (AFSCME Iowa Council 61 et al., v. Branstad) have on collective bargaining?**

A10: This case was an important test of Iowa's Public Employment Relations Act and its provision for binding arbitration. Negotiations with AFSCME, UE/IUP and SPOC initiated in August 1990 reached an impasse at a time of state budget stress. Binding arbitration awarded pay increases to all three unions, and the General Assembly appropriated money to fund the increases. Iowa Governor Terry Branstad vetoed the appropriations and pay increases, arguing "\$23.4 million for salary increases, particularly when paired with the \$10.6 million for salary increases in HF 479 for employees of the Board of Regents, is far beyond what the State can afford under these difficult fiscal circumstances."

The unions filed suit to enforce the arbitrator's decisions. The Iowa District Court ruled in favor of the union plaintiffs, finding that "the awards of the arbitrators constitute a final binding agreement. This is a contract that binds the State."

Governor Branstad appealed the ruling to the Iowa Supreme Court, which affirmed the lower court's decision. Its decision held: "Whatever strengths could be perceived in the State's position cannot be used to frustrate its contractual obligations. Contractual rights enjoy strong validation in both the federal and our own Constitution. It would be no favor to the State to exonerate it from contractual liability. To do so would seriously impair its ability to function." The ruling continued: "The shortage of funds, at least to the extent of liability on these contracts, can be ascribed to discretionary funding choices."

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The Court's ruling made it clear that arbitration decisions were binding obligations of the State. The decision on how to fund the award, "including political considerations that go into the appropriation process" was left to the General Assembly and the Governor. It also affirmed the lower court's opinion that state employees should be paid interest on the unpaid increases at the rate of 5 percent from the due date until paid. However, it did not find that the Governor's item veto was invalid.

In June 1992, the General Assembly convened in special session to provide the funding necessary to satisfy the contractual obligations to its unions. A smaller award was also provided to non-contract employees.

**Q11: What are the 2007-2009 collective bargaining summaries?**

- A11:
- American Federation of State, County and Municipal Employees (AFSCME)
  - United Electrical Radio and Machine Workers of American Local 893 (UE)/ Iowa United Professionals (IUP)
  - State Police Officers Council (SPOC)

**ASFCME–Iowa Council 61 2007-2009 Collective Bargaining Agreement**

WAGES

- 3% across the board increases on July 1, 2007 and July 1, 2008.
- New language added to paragraph 2
- Employees will receive their step increases on the first day of the pay period in which the employee's eligibility date occurs.

HEALTH/LIFE INSURANCE

- The health insurance plans and programs remain the same.
- The contribution rate from the State for family premiums will remain at 85% of the Iowa Select total family premium for all the family plans.
- Basic life insurance has been raised from \$10,000 to \$20,000 and the maximum supplemental has been raised from \$40,000 to \$50,000.

DEFERRED COMPENSATION

- The State will raise its contribution from a maximum of \$50.00 to \$75.00 per month based on the same formula as before, one dollar from the State for every \$2.00 of the employee's contribution.

**UE/IUP 2007-2009 Collective Bargaining Agreement**

WAGES

- On July 1, 2007, the maximum of the 009 pay plan increases by 1.45% and a 1.00% across the board increase will be given. On July 1, 2008, a 3.00% across the board will be given.

HEALTH/LIFE INSURANCE

- The IUP Select option has been omitted. Iowa Select will be offered instead with specified cost containment provisions. The managed care organizations (MCO) plans will also be offered annually by the State.

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- On January 1, 2008, the state will contribute eighty percent (80%) of the Iowa Select family total premium. On January 1, 2009, the contribution rate increases to eighty-five (85%).

#### DEFERRED COMPENSATION

- For employees who are eligible for Internal Revenue Code Sec. 457 deferred compensation, the Employer shall match employee contributions at the rate of \$1.00 for each \$2.00 contributed by the employee up to a maximum of \$75.00 per month starting January 1, 2008.

### **SPOC 2007-2009 Collective Bargaining Agreement**

#### WAGES

- Effective July 1, 2007, the current step pay plan will be converted to a minimum/maximum salary pay plan; the maximum pay for all plans to be adjusted by six and one-half (6 1/2) percent; the minimum and the maximum pay for each job classification adjusted by two (2) percent.
- Effective July 1, 2008, the minimum and maximum for each job classification adjusted by two (2) percent.

#### HEALTH/LIFE INSURANCE

- Cost Containment, providing for implementation of \$100 emergency room co-payment.
- Cost Containment, increasing the health deductible from \$200/\$400 to \$250/\$500, increases the medical OPM from \$500/\$1000 to \$750/\$1500. The deductible will apply to all benefits up front before insurance coverage begins.

#### DEFERRED COMPENSATION

- Increases the State's deferred match contribution for participating employees from \$50 to \$75 per month effective July 1, 2007.