

## **State, union talks inch closer to deal**

Key differences remain about health benefits, pay for custodians and cost-of-living raises

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Both sides in state labor talks hope to reach a final agreement today on a two-year contract for state workers, in what's expected to be a marathon negotiating session.

"Our hope is to stay until it's done, if that's possible," said Cory McIntosh, a state worker and bargaining team leader for Service Employees International Union Local 503.

The state and the largest state-workers union remain apart on health benefits, cost-of-living increases and provisions for lower-paid workers, especially custodians.

To put more heat on the state, SEIU Local 503 staged a rally at noon Wednesday at the Executive Building in Salem, which includes offices for state labor negotiators.

The state raised its offer Tuesday, proposing a 3 percent cost-of-living adjustment, or COLA, as of July 1, 2007, plus a 2 percent COLA on Jan. 1, 2009.

"It's progress. They're going in the right direction," said Catherine Stearns, a Department of Human Services hearings representative who is on the bargaining team.

SEIU wants to assure worker pay doesn't lose pace with inflation.

The state has agreed to fully pay workers' health insurance premiums in the first year of the contract and cover all the costs in the second year, unless costs rise more than 12 percent. SEIU wants to assure that workers won't pay anything for insurance premiums the second year.

The union is seeking to raise the pay scale for many lower-paid workers. The state has agreed to raise some pay grades but is proposing to reduce pay for custodians with less-demanding jobs, after doing a study of what other states pay.

The state initially proposed a new custodian I category with a starting wage of \$8.47 per hour and a maximum of \$11.33 per hour.

Custodians now get \$9.31 per hour to start and up to \$12.73 per hour.

John Hess, a veteran state custodian who lives in Keizer, said the new rate would cause high employee turnover because custodians could get better pay at local governments in the Salem area.

"They're going to lose a quality service," he said.

The state responded with a two-tier proposal, offering to pay the lower amount to new hires only.

McIntosh said SEIU won't settle a contract with custodian pay at the low level the state proposed.

"We've been very clear on that."

The state made major concessions on SEIU's demand to restrict contracting-out of state services.

The state proposed changing the way it compares public and private-sector salaries when making the determination of what provides the most economical way of providing services. The state proposed to count only 80 percent of state worker pay, said Sue Wilson, who oversees collective bargaining for the state. That's to respond to SEIU complaints that private sector companies offer "lowball" prices to get their foot in the door, and raise prices later, she said.

The Legislature provided \$125 million to cover state worker pay and benefits increases for the 2007-09 contract. The state offer on the table would cost \$121 million to \$122 million, Wilson said.

That may give the state some wiggle room to expand its offer and seal a final deal with the union.

Whatever SEIU negotiates in basic pay and benefits likely will be the template for settling other labor union contracts, Wilson said.



TIMOTHY J. GONZALEZ | STATESMAN JOURNAL Members of SEIU picket outside the Executive Building on

Wednesday during collective bargaining talks, highlighting the proposal to cut the pay of custodians who clean state buildings.

Home care workers

Talks with home care workers are not proceeding as quickly as those with state workers. Labor talks are set to continue Friday and July 20 for that contract.

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