



ZASHIN & RICH

**Critical role of finances, budget, economy,
demographics, and comparisons in
negotiations of union contracts
GFOA - September 25, 2024**

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Jonathan J. Downes



- **AV Preeminent** rated by Martindale Hubbell.
- **Fellow in the College of Labor and Employment Lawyers.**
- **Adjunct Professor Ohio State Univ., Fisher College Graduate Program**
- **Ohio State Bar Ass'n. Certified Specialist in Labor & Employment Law**
- **More than 30 years of experience and expertise in representing employers in labor & employment law, human resource management**
- **Negotiated over 500 labor contracts –State of Ohio to local governments**
- **Represent in arbitrations, organizing campaigns, and administrative hearings**
- **Defends employers in state trial and appellate courts and the Ohio Supreme Court**
- **Co-author “Interest Arbitration” 3rd edition 2022, LRIS Publications**
- **Edits Ohio Civil Service and Collective Bargaining Laws, Law and Rules Annotated, West Publishing (Annually since 1995)**
- **Designated as one of Best Lawyers, Top 50 Central Ohio Lawyers, and an Ohio “Super Lawyer” every year since 2004.**
- **Virginia Tech and Case Law School.**

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LEADERSHIP FOR GREATER PURPOSE



Employment and Labor Law Group

Zashin & Rich's Employment Group has extensive experience representing public sector entities, large and small businesses, and non-profit organizations. Our expertise extends into many areas

- **Litigation and EPLI Defense**
- **Discrimination and Retaliation**
- **General Employment Counseling**
- **Labor Law**
- **Collective Bargaining**
- **FLSA, Wage and Hour Issues**
- **Worker's Compensation**
- **Restrictive Covenants**
- **Employee Handbooks**
- **Unemployment Compensation**
- **Civil Service Law**
- **Public Records/Sunshine Laws**

Discrimination and Retaliation Laws Representation

- **Title VII**
- **ADA**
- **ADEA**
- **FMLA**
- **PDA**
- **FLSA**
- **§1983**



PREGNANT WORKERS FAIRNESS ACT (PWFA)

Protections for employees
experiencing limitations due to
pregnancy, childbirth, or related
medical conditions.

www.EEOC.gov



PWFA Introduction

- Effective June 27, 2023
- Purpose: Fill gaps in coverage between the ADA and Title VII for workers who experience a pregnancy-related medical condition
- Covers employers with 15 or more employees
- PWFA claims must be exhausted through administrative charge filing process

<https://www.eeoc.gov/wysk/what-you-should-know-about-pregnant-workers-fairness-act>

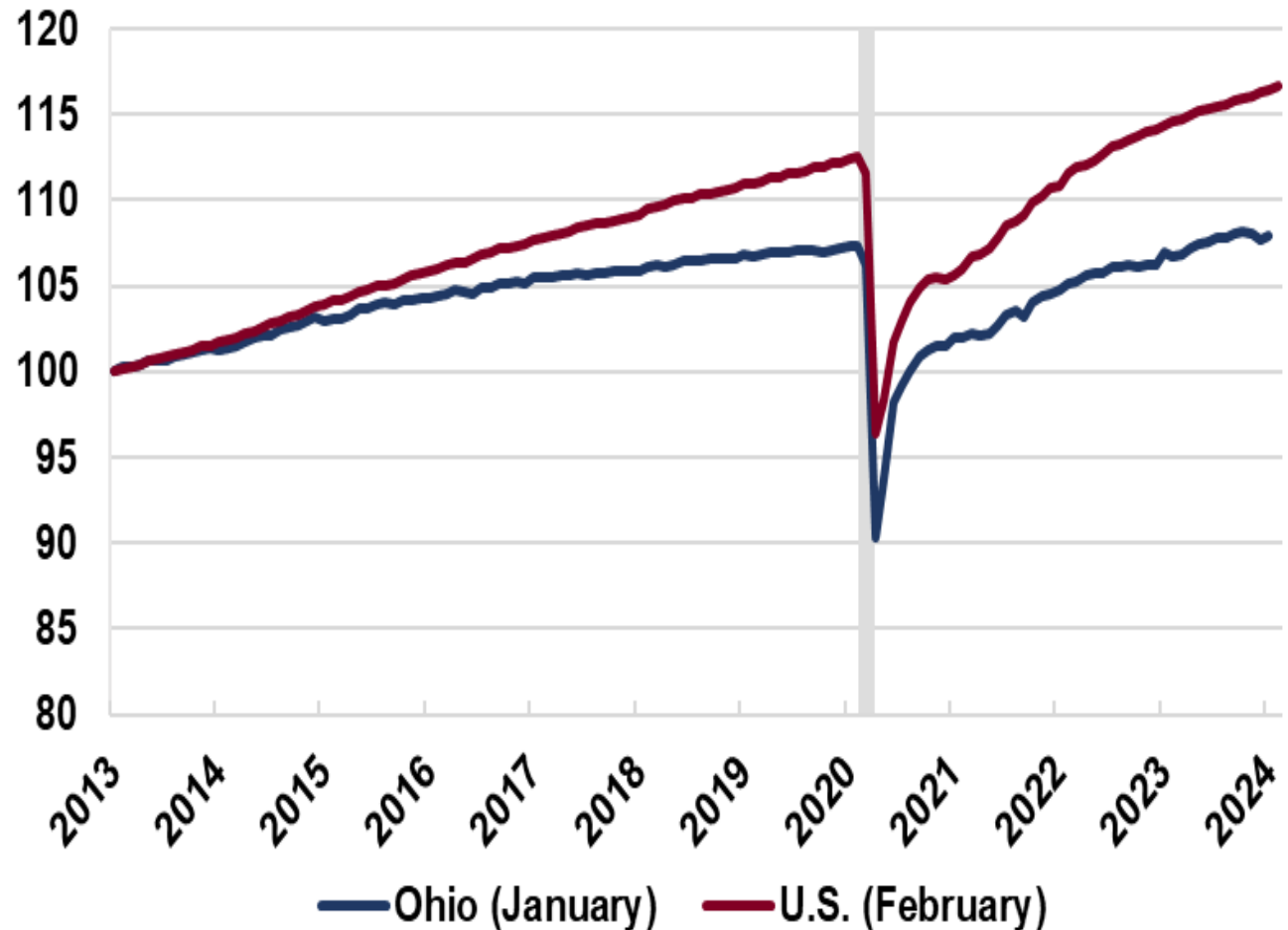


Ohio Unemployment Rate July 2024 – 4.5%



Ohio's nonfarm payroll employment increased by an estimated 12,900 jobs between December 2023 and January 2024 to 5.6 million, an increase of 0.9 percent over the prior year

Nonfarm Employment Payroll (indexed 2013 = 100)



Source: Bureau of Labor Statistics

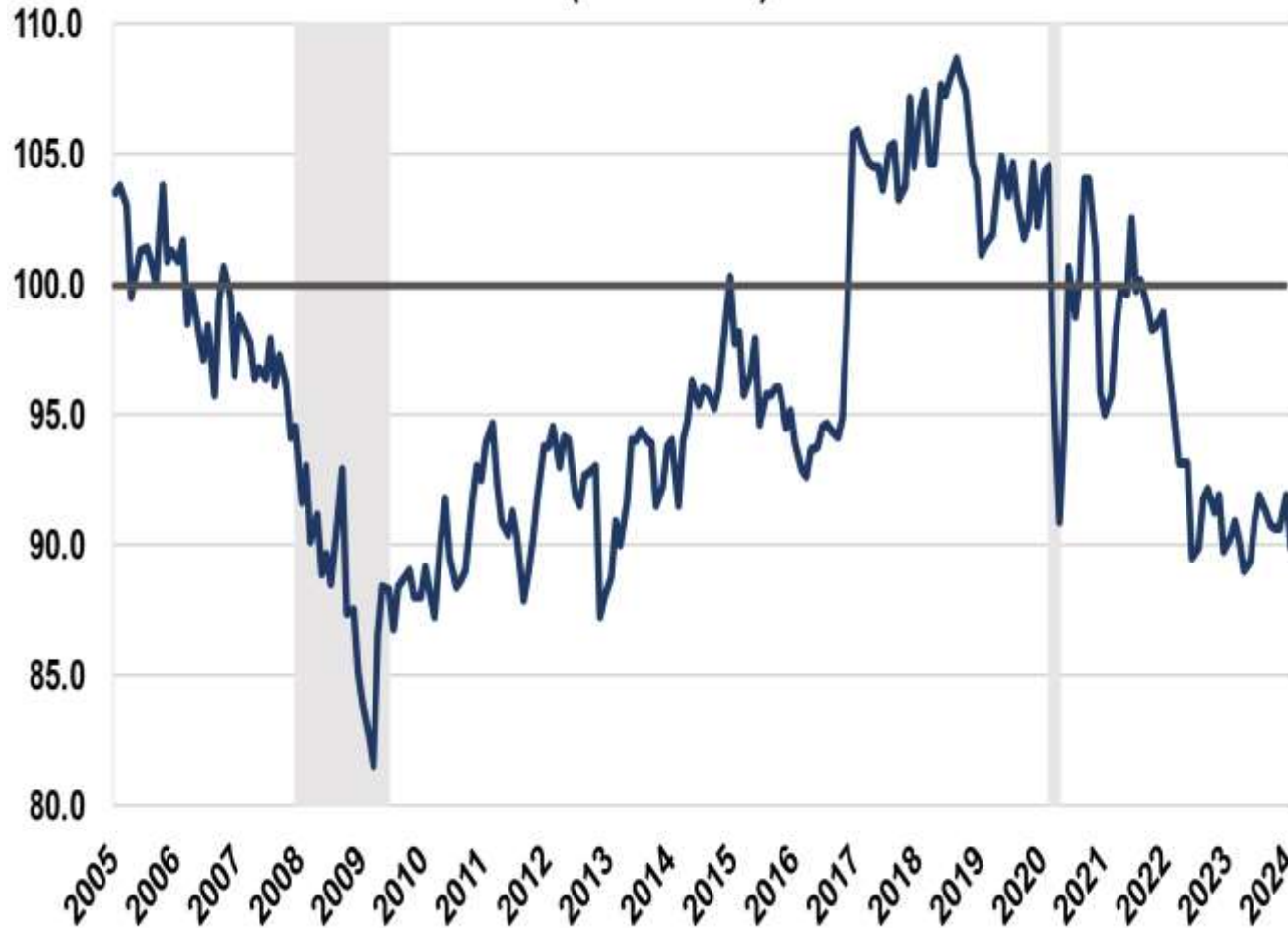
Consumer Confidence Index®

Index, 1985 = 100



*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
© 2024 The Conference Board. All rights reserved.

Small Business Optimism Index
(1986 = 100)



Source: NFIB

The Small Business Optimism Index decreased 2 percentage points to 89.9 in January, the 25th consecutive month the index was below 98, the 50-year average 9

Total Job Postings on OhioMeansJobs

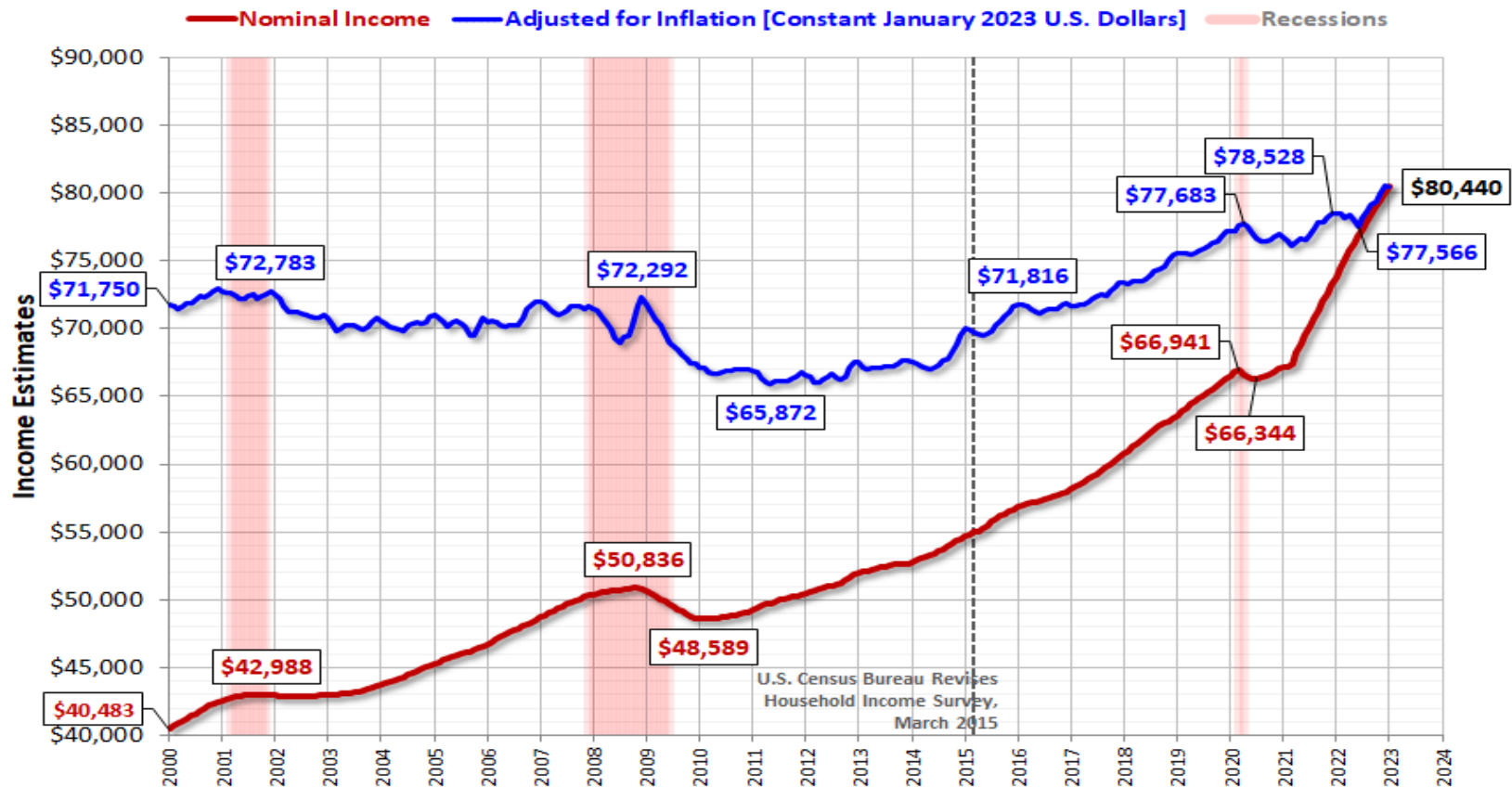


Statewide Job Postings have returned to Pre-pandemic Normal Range

Median Household Income

Median Household Income in the 21st Century

Nominal and Real Modeled Estimates, January 2000 to January 2023



Sources: U.S. Bureau of Economic Analysis Monthly Annualized Wage and Salary Income per Capita, U.S. Bureau of Labor Statistics (Consumer Price Index), and Author's Calculations

© Political Calculations 2023

Median Household Income

Pressure in the Household

Inflation adjusted median household income was \$80,610 in 2023, up 4% from the 2022 estimate of \$77,540

This returns incomes to about the level of 2019.

Census Bureau report 9-3-2024. WSJ: Sept. 11, 2024

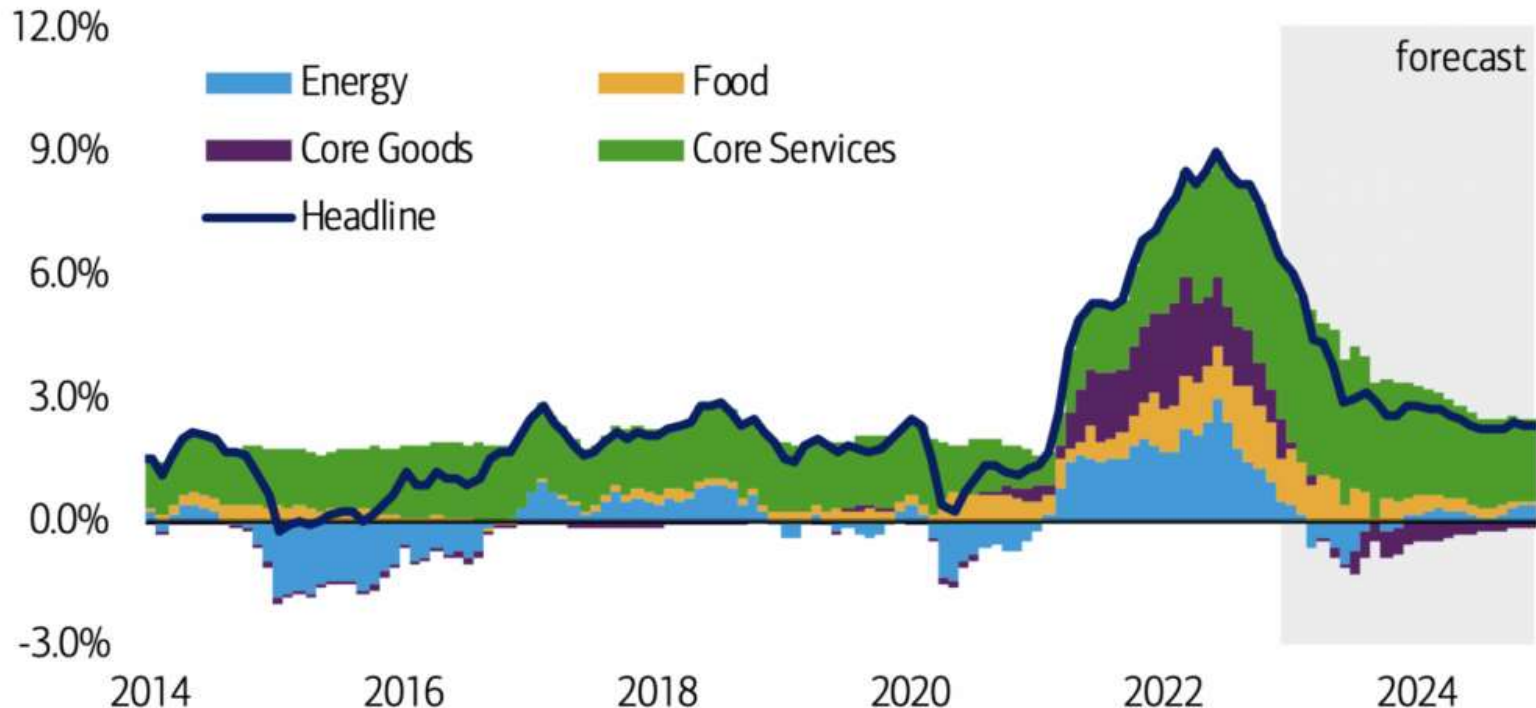


Inflation – Trending to 2%

Minimal adjustments following an in-line report

Exhibit 1: Contributions to annual growth in headline CPI inflation by major component

We expect CPI inflation to fall this year as goods prices decline



Source: Bureau of Labor Statistics, Haver Analytics, BofA Research



Bargaining

Something Old – Nothing New

Union goals – and proposals

wages and benefits

job preservation

job security

quid pro quo

voice in workplace

**TOGETHER
WE BARGAIN**



Boeing Strike extends a new era of labor activism long in decline at US workplaces



9/25/2024

Finances, Budgets, Comparisons & Union Negotiations



UPS & Teamsters 2023 Contract

- 1. Big raises**
- 2. Air conditioning and heat safety**
- 3. Ending of a lower-paid class of worker**
- 4. Thousands of new full-time jobs**
- 5. Ban on driver-facing cameras**

19,000 laid off



Negotiations Charts - Summary

Visually demonstrate the Budget and Economy

For both negotiations and impasse hearings

- Revenue and Expenses history and trends
- Year end / carryover balances
- Revenue, CPI, wage increases
- Demographic information
- Expenditures by category



Budget Overview

Budget and Planning – key elements unions examine

- Operating Budget
- Capital Budget
- Debt Reduction
- Budget stabilization fund



From a negotiations impact solid requirement for rainy day funds and carryover are imperative.



Union Negotiations

Economic Presentation

Economic presentation – consider including:

- Demographics comparisons
- Revenue (e.g., income tax) trends
- Revenue vs. Expenditures
- Source of income tax income (by industry)
- Insurance costs and increases
- Budget year-over-year comparison
- Annual revenue and expenses
- Year-end balances

Also useful for briefing legislative body.



General Fund Sources / Trends

General Fund

Sources, Trends, Totals and Projections

Income Tax

Interest Income

Real Estate

Local Government Fund

Personal Property

EMT Services

Other (specify)

BEWARE: Union use of ACFRA and “expert witness”

Educate - Educate - Educate



Negotiations – Income Tax Revenues

Income Tax Revenues by Industry

Categories of Ohio Department Of Taxation

Year	Industrial/ Manufacture	Education	Health care	Gov't	Retail	Service	Food/ Restaurant/ Hospitality	Trans- portation	Construction	Total

MITS (Municipal Income Tax Solutions) software. In the reports section of the software a report called the High-Low report in which can specify the number of accounts to view the tax revenue received for the top or bottom number of accounts.



Negotiations Charts – Income Tax Trends

Look Long Term

YEAR	TAX COLLECTED	%CHANGE		YEAR	TAX COLLECTED	%CHANGE
2000	\$6,087,522.00	-4.54%		2012	\$7,276,868.17	3.17%
2001	\$6,605,404.00	8.51%		2013	\$7,688,624.26	5.66%
2002	\$6,487,885.00	-1.78%		2014	\$8,302,824.63	7.99%
2003	\$6,680,731.00	2.97%		2015	\$8,487,319.48	2.22%
2004	\$6,674,656.59	-0.09%		2016	\$9,298,669.81	9.56%
2005	\$6,594,651.49	-1.20%		2017	\$8,923,502.56	-4.03%
2006	\$7,055,057.14	6.98%		2018	\$8,881,761.38	-0.47%
2007	\$7,238,774.96	2.60%		2019	\$9,307,650.77	4.80%
2008	\$7,216,686.32	-0.31%		2020		
2009	\$6,462,473.74	-10.45%		2021		
2010	\$6,651,433.51	2.92%		2022		
2011	\$7,053,040.69	6.04%		2023		

General Fund Budget - Expenses



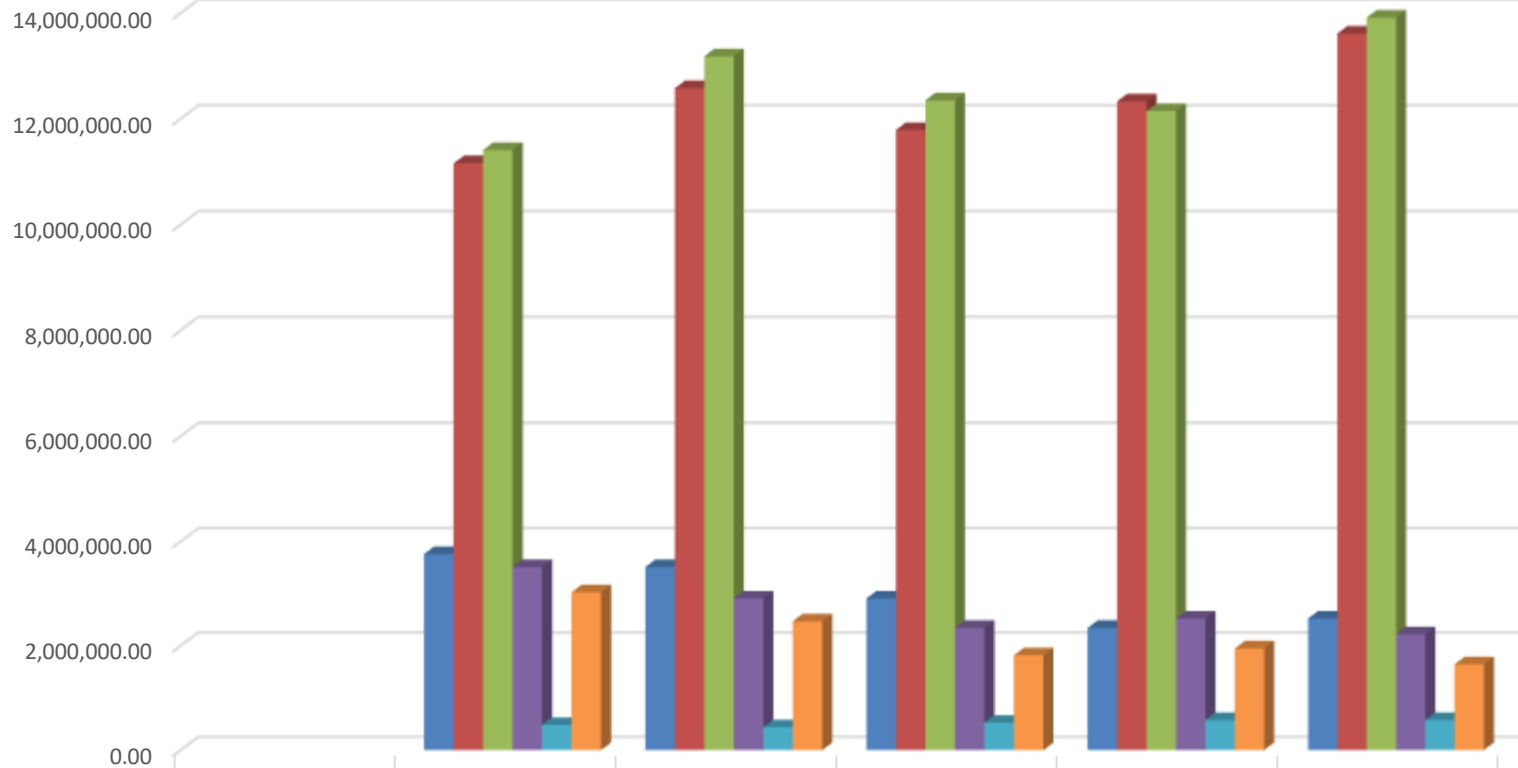
Negotiations – Year End Comparisons

Year-End
Balance

Pr. Paulo
Rabello



General Fund Year Comparisons



YEAR	2015	2016	2017	2018	2019
BEGINNING YEAR BALANCE	3,754,809.12	3,504,854.77	2,902,101.96	2,340,624.44	2,521,258.10
YTD REVENUE	11,157,256.87	12,575,252.59	11,784,539.75	12,324,581.79	13,608,139.96
YTD EXPENSES	11,407,211.22	13,178,005.40	12,346,017.27	12,143,948.13	13,910,109.74
UNEXPENDED ENDING YEAR BALANCE	3,504,854.77	2,902,101.96	2,340,624.44	2,521,258.10	2,219,288.32
ENCUMBRANCES	479,999.66	437,155.71	524,702.16	572,911.81	575,547.15
UNENCUMBERED ENDING YEAR BALANCE	3,024,855.11	2,464,946.25	1,815,922.28	1,948,346.29	1,643,741.17

9/25/2024

General Fund – Other Important Factors

- >Revenue, CPI, and Wage Comparison
- >Sources of Revenue and Limitations
- >Carryover Balances
- >Mandated Reserves – Budget Stabilization
- >Expenses
- >Capitol Improvements
- >Debt and Debt Rating

REMEMBER – The Union and Factfinder do Know about budgeting and planning expenses



Comparison Data to Other Employers

Demographics Tax Base

Size of employer number of employees, structure

Wages and Benefits

Collections & Delinquencies

Income Tax Collections history

Tax Rate comparisons



Comparisons – Demographic Information

- Average Adjusted Gross Income – AGI
- Median Household Income – MHI
- Median Household Value – reappraisals and impact
- Home Ownership vs. Rental units
- Delinquent Property Taxes – Property Tax Collections
- Poverty Rates
- Food Stamps/SNAP



Median Household Income

Median Household Income 2010-2022

Updated September 2024

	2010	2012	2014	2016	2018	2020	2022	Change from 2010-2022 (\$)	Change from 2010-2022 (%)
United States	\$51,914.00	\$53,046.00	\$53,482.00	\$55,322.00	\$60,293.00	\$64,994.00	\$75,149.00	\$23,235.00	44.8%
Ohio	\$47,358.00	\$48,246.00	\$48,849.00	\$50,674.00	\$54,533.00	\$58,116.00	\$66,990.00	\$19,632.00	41.5%
Boardman Twp.	\$45,462.00	\$47,171.00	\$49,975.00	\$52,199.00	\$55,070.00	\$58,840.00	\$64,356.00	\$18,894	41.6%
Austintown Twp.	\$46,226.00	\$47,556.00	\$45,020.00	\$45,508.00	\$48,027.00	\$49,016.00	\$53,897.00	\$7,671.00	16.6%
Trumbull County	\$42,296.00	\$42,488.00	\$43,226.00	\$43,811.00	\$45,975.00	\$47,799.00	\$53,537.00	\$11,241.00	26.6%
Alliance	\$31,812.00	\$30,261.00	\$31,863.00	\$32,058.00	\$35,020.00	\$36,883.00	\$51,721.00	\$19,909.00	62.6%
Niles	\$35,215.00	\$34,939.00	\$38,027.00	\$39,311.00	\$42,355.00	\$45,400.00	\$48,860.00	\$13,645.00	38.7%
Ravenna	\$33,523.00	\$35,980.00	\$36,317.00	\$36,087.00	\$39,785.00	\$38,011.00	\$48,221.00	\$14,698.00	43.8%
Akron	\$34,359.00	\$33,598.00	\$34,139.00	\$35,240.00	\$37,533.00	\$40,281.00	\$46,596.00	\$12,237.00	35.6%
Ashtabula	\$29,605.00	\$29,041.00	\$28,682.00	\$28,865.00	\$29,338.00	\$33,918.00	\$39,053.00	\$9,448.00	31.9%
Canton	\$30,043.00	\$30,000.00	\$29,980.00	\$30,444.00	\$31,735.00	\$32,735.00	\$37,627.00	\$7,584.00	25.2%
Youngstown	\$24,318.00	\$24,421.00	\$24,361.00	\$24,448.00	\$26,951.00	\$30,129.00	\$34,295.00	\$9,977.00	41.0%
Warren	\$30,832.00	\$29,218.00	\$29,249.00	\$29,176.00	\$28,173.00	\$27,108.00	\$33,296.00	\$2,464.00	8.0%
Averages	\$37,151.00	\$37,381.92	\$37,936.15	\$38,703.31	\$41,137.54	\$43,325.38	\$50,276.77	\$13,125.77	35.22%

Source: U.S. Census Bureau, 2010-2022 American Community Surveys

Wage Settlements – SERB Reports

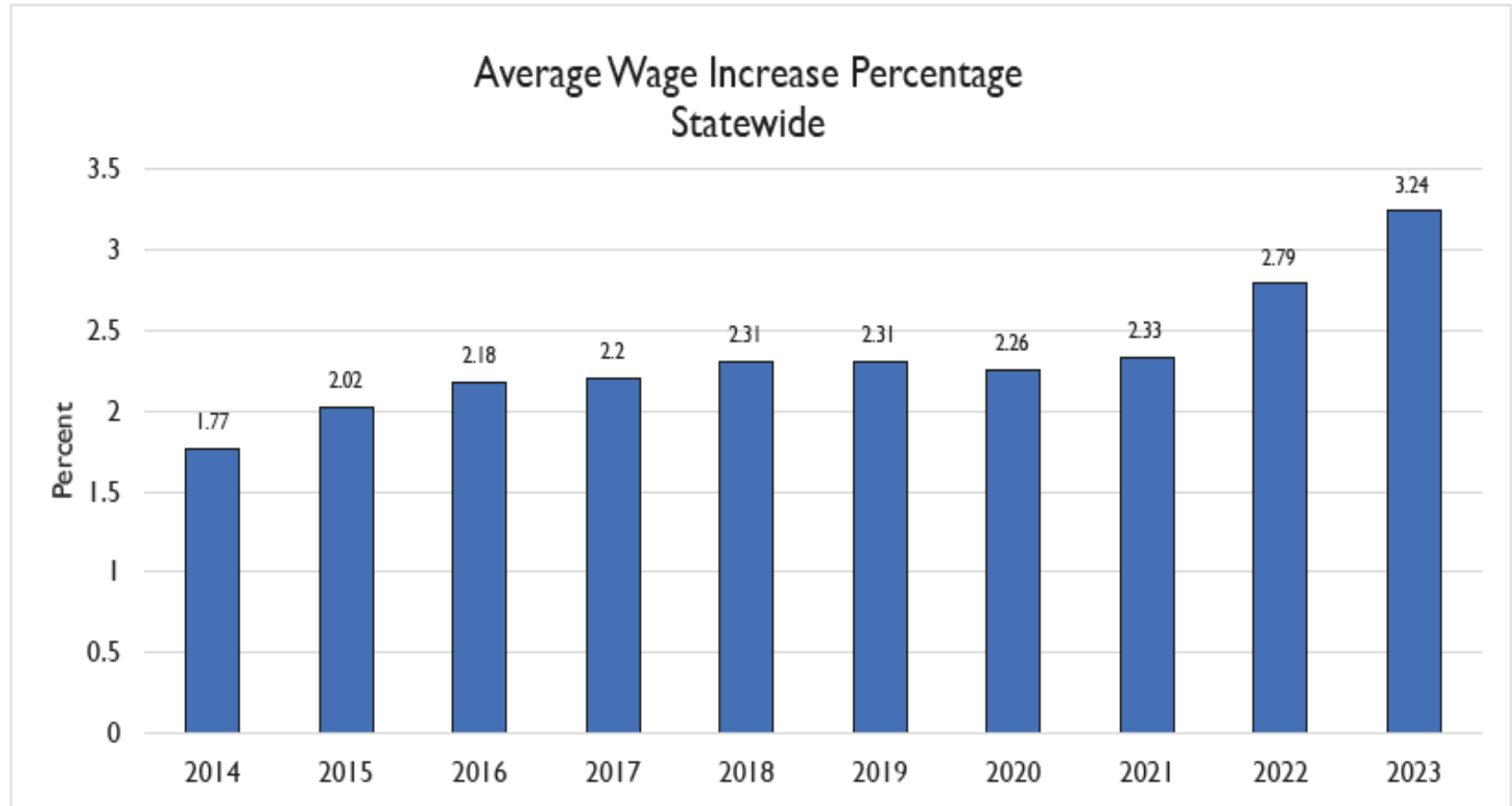
WAGE SETTLEMENT 2023

For Labor Contracts with a start date between January 1, 2023 – December 31, 2023



10 Year Statewide Average Wage Increases

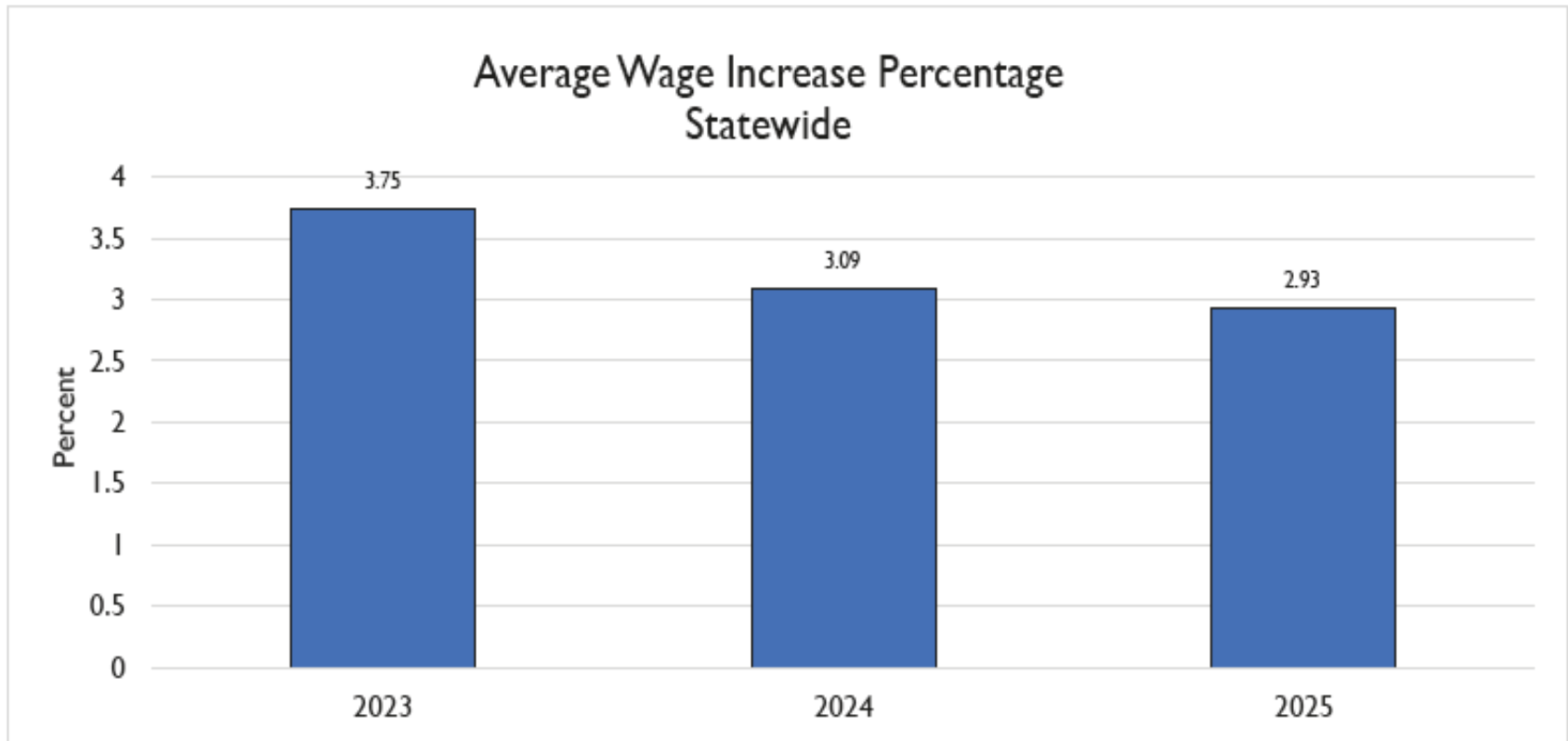
Chart 5



Wage Increases 2023 - 2025

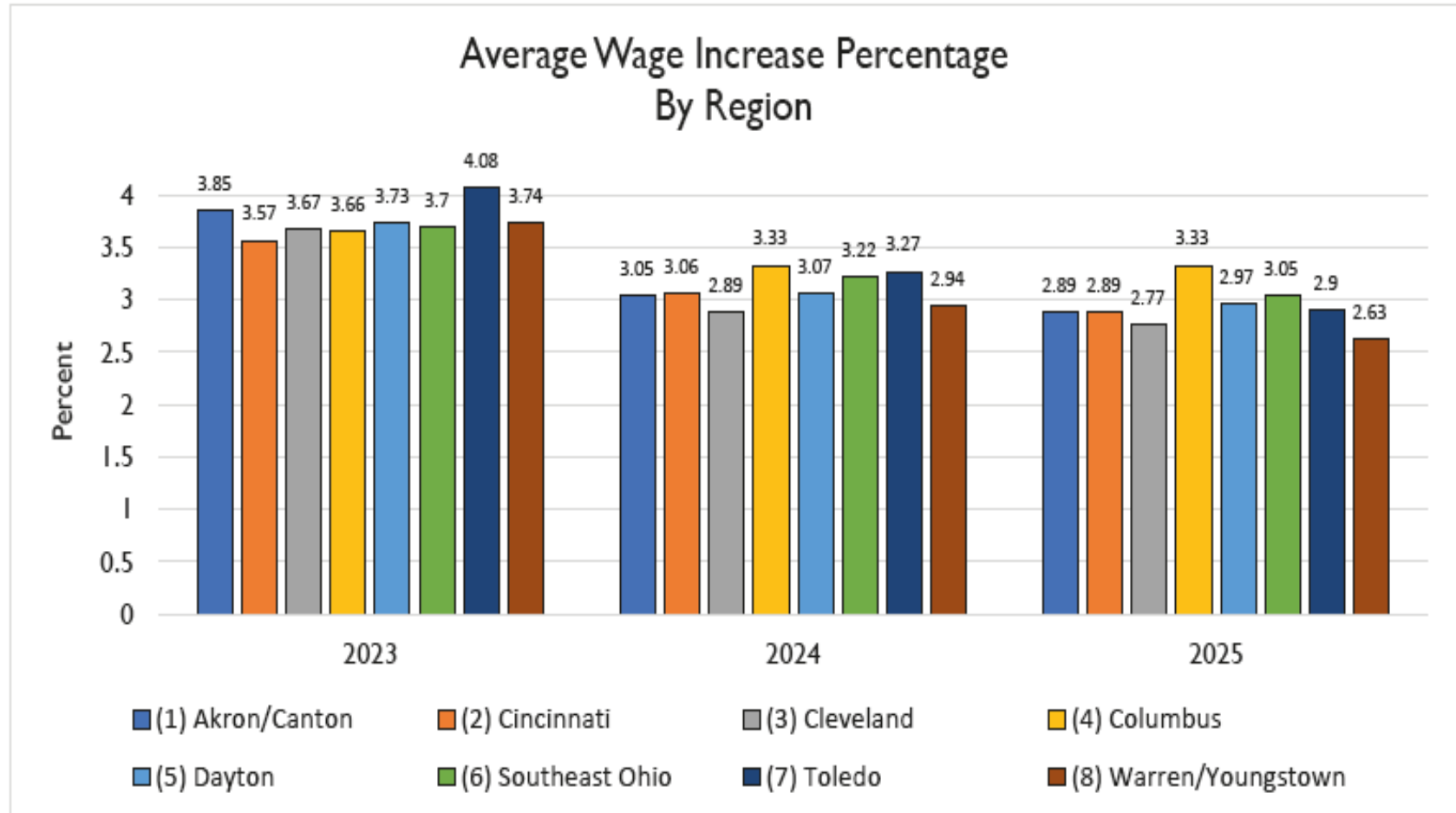
Chart 1 compares the average wage increase percentage for all contracts that began in the calendar year 2023 by years one, two, and three of the contracts (if available).

Chart 1



Wage Increases by Region 2023 - 2025

Chart 2



Wage Settlement Trends - Local



Historical Barg. Unit Wage Increases v. Measures of Inflation

Year	Top Level Highway Worker III - \$	Top Level Highway Worker III - %	\$ Change (Hourly)		CPI-U Midwest %	CPI-U Midwest #		SS CoLA % (based on CPI-W)
2018	\$27.06	2.5%	\$0.66		1.9%	234.29		2.0%
2017	\$26.40	2.5%	\$0.64		1.7%	229.874		0.3%
2016	\$25.76	2.5%	\$0.63		0.8%	226.115		0.0%
2015	\$25.13	2.5%	\$0.61		-0.5%	224.21		1.7%
2014	\$24.52	2.5%	\$0.60		1.5%	225.425		1.5%
2013	\$23.92	2.5%	\$0.58		1.4%	222.17		1.7%
2012	\$23.34	0.0%	\$0.00		2.0%	219.1		3.6%
2011	\$23.34	0.0%	\$0.00		3.2%	214.743		0.0%
2010	\$23.34	0.0%	\$0.00		2.0%	208.046		0.0%
2009	\$23.34	3.0%	\$0.69		-0.6%	204.064		5.8%
2008	\$22.65	3.0%	\$0.66		3.7%	205.382		2.3%
2007	\$21.99	3.5%	\$0.74		2.7%	198.123		3.3%
2006	\$21.25	2.0%	\$0.42		2.4%	193		4.1%
2005	\$20.83	2.0%	\$0.41		3.2%	188.4		2.7%
2004	\$20.42	-	-		-	182.6		-

32.52%

Compounded

28.53%

Nominal

\$6.64

-

25.25%

Nominal

28.31%

Compounded

29.0%

Nominal

Wage Settlement Trends



Historical Bargaining Unit Wage Increases v. SERB

Year	Top Level Highway Worker III - \$	Top Level Highway Worker III - %	\$ Change (Hourly)	SERB % Increase for Dayton Region
2018	\$27.06	2.5%	\$0.66	2.29%
2017	\$26.40	2.5%	\$0.64	2.33%
2016	\$25.76	2.5%	\$0.63	2.20%
2015	\$25.13	2.5%	\$0.61	2.24%
2014	\$24.52	2.5%	\$0.60	1.97%
2013	\$23.92	2.5%	\$0.58	1.41%
2012	\$23.34	0.0%	\$0.00	1.08%
2011	\$23.34	0.0%	\$0.00	0.68%
2010	\$23.34	0.0%	\$0.00	1.23%
2009	\$23.34	3.0%	\$0.69	2.17%
2008	\$22.65			
19.47% <i>Compounded</i>		18.02% <i>Nominal</i>	\$4.41 -	17.60% <i>Nominal</i>

Negotiations - Health Insurance

Comparable coverage language

vs.

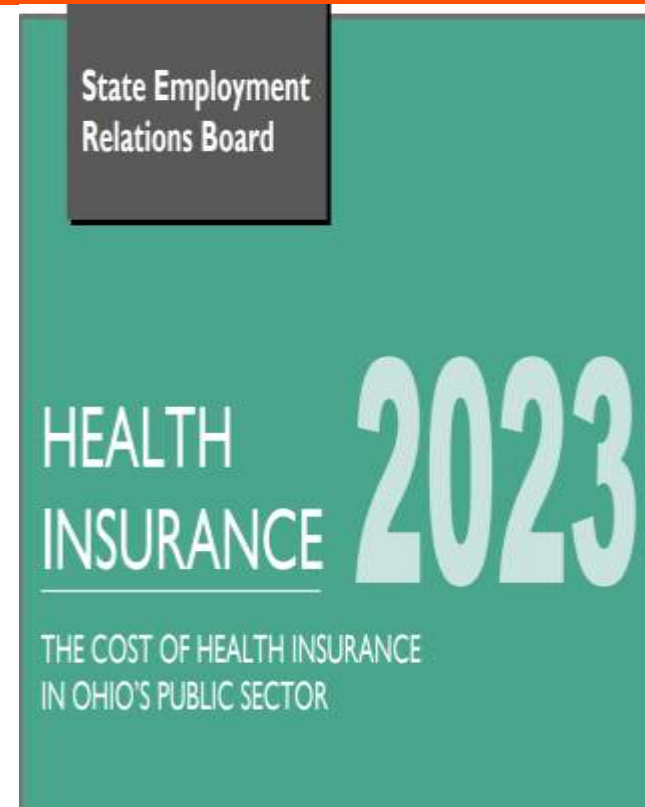
What other Employees receive

Chart total cost – and benefits - comparisons

- Employer and employee share in \$ and %
- Out of Pocket costs
- Deductibles, Co-pays

SERB Health Insurance report

[The Cost of Health Insurance in Ohio's Public Sector](#)



Health Insurance & Inflation

Table 4

Annual Percent Change in Medical Care Costs, Inflation, and Medical Care Inflation Rates

Year	Statewide Public Sector			National	
	Single Premium	Family Premium	n	Inflation Rate	Medical Care
2013	2.8%	2.3%	1,552	1.7%	3.2%
2014	5.0%	4.5%	1,598	1.5%	2.0%
2015	4.4%	4.3%	1,694	0.8%	3.0%
2016	1.6%	2.3%	1,753	0.7%	2.6%
2017	4.7%	4.6%	1,809	2.1%	4.1%
2018	4.6%	4.2%	1,863	2.1%	1.8%
2019	7.4%	5.9%	2,009	1.9%	2.0%
2020	4.8%	6.7%	1,952	2.3%	4.6%
2021	4.6%	3.9%	2,067	1.4%	1.8%
2022	3.1%	3.7%	2,046	7.0%	2.2%
2023	6.7%	7.0%	1,993	6.5%	4.0%

Note: National; includes both public and private sector employers nationwide.

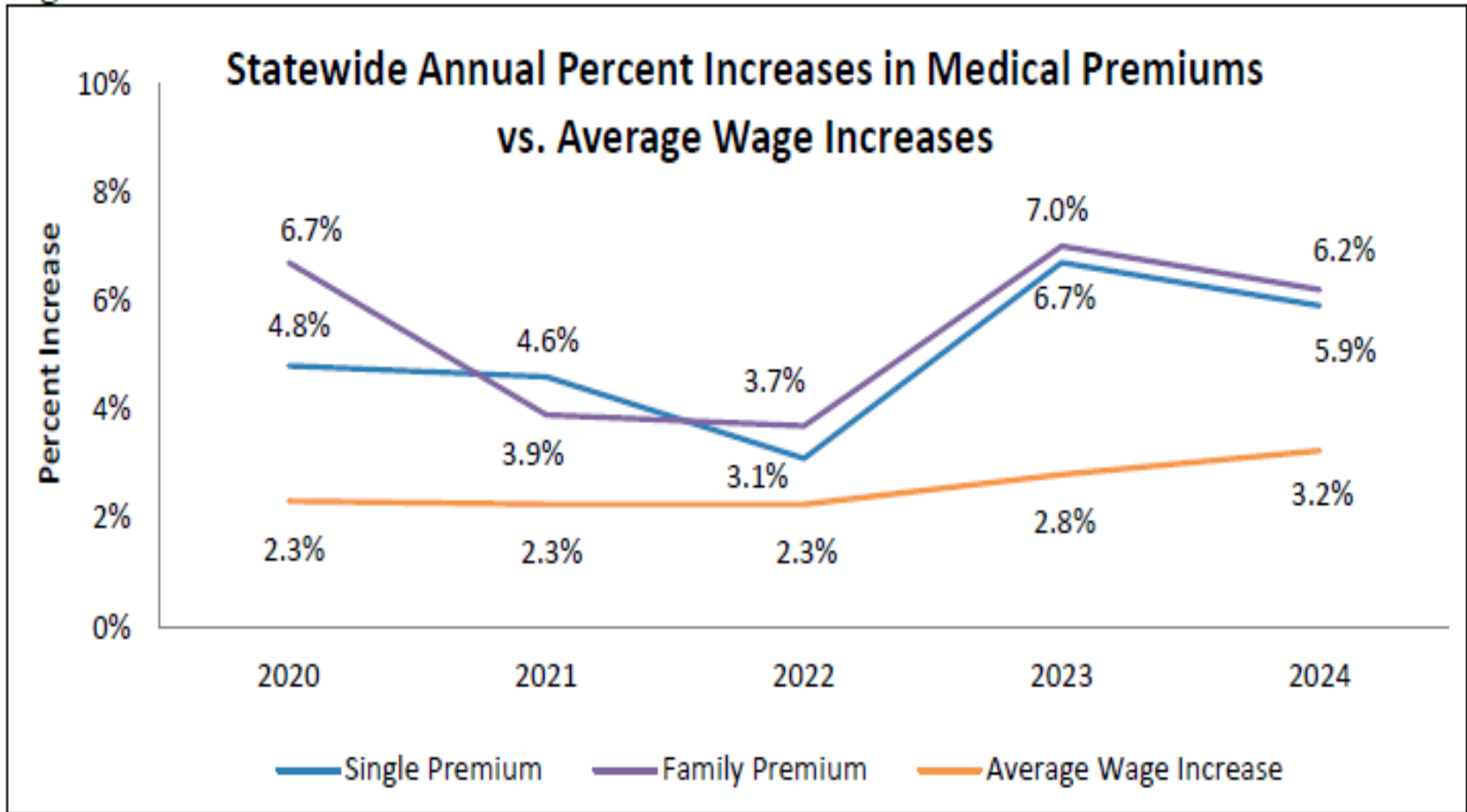
Note: United States Bureau of Labor Statistics, Consumer Price Index, December 2022

https://www.bls.gov/news.release/archives/cpi_01122023.pdf

Note: n: number of plans.

Health Insurance & Wage Increases

Figure 1



Total Compensation and Cost of Proposals

Demonstrate the Total Compensation

- >wages
- >employer cost of
 - >health insurance
 - >pension and Medicare



Demonstrate the Cost of Proposals

- >Management
- >Union



Factfinding and Conciliation

ORC 4117.14

Factors the fact-finding panel must consider include:

- **(a) Past collectively bargained agreements, if any, between the parties;**
- **(b) Comparison of the issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;**
- **(c) The interests and welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service;**
- **(d) The lawful authority of the public employer;**
- **(e) The stipulations of the parties;**
- **(f) Such other factors, not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding, or other impasse resolution procedures in the public service or in private employment.**

SERB Factfinding & Conciliation Report

Limited use because small sample pool

**State Employment Relations Board
Fact-Finding/Conciliation
Report Statistics**

[SERB Fact-Finding / Conciliation Report Statistics \(ohio.gov\)](https://www.ohio.gov/SERB-Fact-Finding-Conciliation-Report-Statistics)



THANK YOU!

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