Union discussion points

CITY OF DETROIT

UNION ASK

	FY 2012 savings	Annual savings	Ask	Timing
Payroll	$13m	$27m	▪ Eliminate furlough days ▪ Implement 10% pay reduction across the board	1/1/2012
Medical	$9m	$36m	▪ Change cost share to 70/30 for all plans including dental and vision ▪ Implement plan changes previously discussed with unions ($250/$500 deductible, 20% co-insurance, $10/$20/$30 Rx co-pay, $25 OV co-pay, and $100 ER co-pay) ▪ Phase out more expensive plans (BCBS Traditional, BCBS Major Medical, and US Health)	4/1/2012
Pension (GRS)	n/a	$15m	▪ Decrease multiplier and eliminate COLA escalator - $8m ▪ Implement defined contribution plan for new hires - $1m (escalates over time) ▪ Eliminate excess earnings distributions for actives - $6m	7/1/2012
Work rules	$20m	$40m	▪ Allow employees to work out of class at current rates ▪ Implement limitations in overtime to reduce by 50%	1/1/2012
Retirees	$8m	$43m	▪ Medical ($33m) – Accept same medical changes as active employees ▪ Pension ($10m) – Eliminate excess earnings distributions for retirees	
DPS	$15m	n/a	▪ Collect outstanding past due receivables	
DDOT	$9m	$30m	▪ Outsource management	
PLD	Zero	Zero	▪ Transition to 3rd party utility to improve service	
Sub-total	**$74m**	**$191m**		
Layoffs	$27m	$66m	▪ Estimated 1,000 layoffs across all agencies; FY 2012 savings are net of accrued compensation payouts; unemployment comp not paid until FY 2013	
TOTAL	**$101m**	**$257m**		

Process timeline

November 8, 2011

2 weeks

November 21, 2011

Step 1:
Mayor meeting

- Mayor meets with unions to discuss proposal and concessions

Step 2:
Hire financial advisor

- Unions form steering committee
- Unions hire financial advisor

Step 3:
Financial review

- Union financial advisor fact find and validation
- Financial advisor to work with steering committee to develop response to administration

Step 4:
Union response

- Union to deliver response and/or counter proposal to administration