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Negotiations News

We have not taken a pay increase since 2008. We have lost 3.2% to inflation in that time. We have lost increments and been furloughed. Despite all of this, we have shown up to work every day. Not a single emergency call for service went unanswered. In fact, we have done nothing but give generously since 2008. We recognize the fiscal situation and have been fair and reasonable in doing our part while staying on the job 24 hours a day, 365 days a year. **Despite our sacrifice, this is not enough for the politicians. They not only want more, they want more on their terms in defiance of the collective bargaining process that served well for over a quarter century.**

Worse is the fact that just last June, after prevailing in arbitration and after the County Council failed to fund our award, we renegotiated in good faith a new contract that preserved health and retirement benefits through June 2012. Ike Leggett signed that agreement. He also violated that agreement in bad faith and the council went along.

Not a single politician on the County Council stood up for the integrity of a signed agreement, good faith, or process. On the contrary, led by Council President Valerie Ervin, they all supported bad faith at a time when the majority and Leggett voted a two million dollar gift to a corporation to lure Costco to Wheaton. One councilmember, Roger Berliner, the county had given its word and, "I believe the integrity of this council is more important at this moment in time." Integrity was not important at the moment our contract was trashed by Leggett, Berliner, and the rest of the council.

But that's not all. It only gets worse. On Wednesday, May 18, 2011, the Montgomery County Council in an unprecedented act, not only voted to strip and reduce benefits of police officers (and our families) existing under a signed contract, they unilaterally voted to impose their terms without bargaining. They took their vote one day before expiration of the nine day period allowed for renegotiation.

During those nine days, FOP 35 worked hard and in good faith to come up with a bargained plan to achieve the additional $2.4 Million savings Council sought from us. We presented a detailed and comprehensive proposal to the County executive with copies to Council President Ervin and Vice President Berliner. They now claim that the nine days did not allow sufficient time for them to understand our proposals. Politics.

Unless corrected, the changes made by the council to your benefits include:

Council Action	Impact
Beginning January 1, 2012, employees will pay 25% of the premium for the CareFirst insurance plans, (increasing your cost 5% over the current cost sharing arrangement). Your share of the premium for the HMO plans and Kaiser will remain at 20%.	*This represents a significant increase in your contribution to health care at a time when your wages have been stagnant unless you relegate your and your family's health to care under an HMO.* ***Note** that councilmembers and Council staff, who drafted and are supporting this change, are only increasing their health contribution by 1% because they are in the Select Plan and are paid relatively high wages.*
Beginning January 1, 2012, employees will pay 25% of the premium for the dental, vision and prescription drug plans (again, a 5% increase in the employee share for these health benefits; employees will continue to be able to "buy up" to the higher option prescription drug plan, at a higher employee cost).	*This represents a significant increase in your contribution for these benefits.* ***Note** that councilmembers and Council staff, who drafted and are supporting this change, are only increasing their contribution by 1.*
Beginning January 1, 2012, employees who obtain a brand name drug when an equivalent generic drug is available will pay the generic drug co-pay plus the difference in price between the brand name drug and generic drug; except in cases where the brand name drug is "medically necessary". In addition, coverage for "lifestyle" drugs (i.e., drugs to treat erectile dysfunction) will be limited.	*Currently employees pay either $5 for generic and $10 for brand name drug in the standard prescription plan, <u>or</u> $10 generic /$20 formulary/$35 for brand name in the Modified Prescription Plan. There is a restriction to generics unless a physician requires a brand name medication.*
Beginning January 1, 2012, the life insurance benefit will be reduced from "2 times salary" to "1 time salary", with the option of purchasing a higher benefit that is paid 100% by the employee. Also, employees will pay 25% of the premium for the "1 time salary" life insurance benefit (5% more than the current cost sharing arrangement).	*This is an increase in contribution for life insurance and a reduction in benefit. The cost to maintain current coverage will cost the employee 100% of the difference. Incredibly, as with other provisions unilaterally enacted, the details are lacking because neither council nor Leggett could explain their own proposals before putting them forward. So, no one knows what the cost "difference" will be or how it will be calculated. We put forth a proposal that addressed difference.*
Beginning January 1, 2012, employees will pay 25% of the premium for long-term disability insurance (5% more than the current cost sharing arrangement).	*Again, an increase in cost to employees.*
Co-pays for mail order prescriptions for maintenance drugs will remain the same; and beginning January 1, 2012, the mail order co-pay amount will apply to the purchase of long-term maintenance drugs (up to a 90-day supply) at CVS retail pharmacies.	*This is actually an improvement first raised by FOP 35 when meeting with representatives of the Council and Leggett. Mail order prices through CVS Pharmacy retailers will become available for maintenance prescriptions.*
Beginning July 1, 2011, employees will begin contributing an additional 1% of their salary to the Employees' Retirement System ("ERS") for their pension benefit. Beginning July 1, 2012, employees will begin contributing another 1% of their pay to the	*This is an increase in contribution for FY12 and another increase in contribution for FY13. It increases the total contribution to retirement to 6.75% by FY14, on top of 6.2% to Social Security, for a total employee contribution of 12.95%.*

ERS for their pension benefit (so that as of 7/1/12, employees will be contributing 2% more than they currently contribute).	
For current employees who retire starting (and any time after) July 1, 2011, the pension benefit annual cost-of-living adjustment will be calculated according to a two-part formula as follows: (1) for all years of eligible service up to 7/1/11, 100% of the increase in the Consumer Price Index ("CPI") up to 3%, plus 60% of any increase in the CPI greater than 3%, up to a maximum annual adjustment of 7.5% (this is the current formula); and (2) for all years of eligible service starting 7/1/11, 100% of the increase in the Consumer Price Index, up to an annual maximum adjustment of 2.5%.	*For every year of service after 7/1/11 a retired police officer will receive a CPI increase on his or her pension benefit an amount no greater than 2.5%. In years when the cost of living rises 5%, the increase to the retirement value will only be 2.5%.* *The assumed average annual CPI increase is 3% annually. In effect, police officers are now going to pay 2% more into a retirement system that will reduce in value by an assumed average of up to .5% per year, compounded* ***or more if there is one or more year of higher CPI, which is likely.***
For employees hired after 7/1/11, in June, the Council will consider changes to the defined benefit pension plan (e.g., increasing the service time required for vesting and changing the vesting formula) for new public safety employees hired after 7/1/11, with the new rules to be in place by 10/1/11.	*Unknown what the outcome may be. They will be acting unilaterally, contrary to our contract.*
For employees hired after 7/1/11, increase the years of service necessary to receive retiree health insurance coverage to 10 years, and at a premium cost share of 50% employer paid/ 50% retiree paid; with 25 years of service required for the cost share to be 70% employer paid/30% retiree paid (for each year of service between 10 and 25, the retiree's share of the health insurance premium will decrease by 1.33%).	*This is a benefit reduction and contrary to our contract.*
The County Council has passed a resolution to create a task force comprised of County managers and union representatives to undertake a study and issue a report to the Council no later than November 1, 2011 on possible health plan cost containment measures (e.g., possibly reducing the number of health insurance plans offered, initiation of wellness programs, etc.). Cost containment measures that are ultimately adopted will apply to both current employees and future hires.	*Presumably subject to future bargaining.*

On June 22, 2010, The Fraternal Order of Police and County Executive Ike Leggett voluntarily (without arbitration) entered into a two-year agreement. The terms of the agreement, drafted in response to the Council's action on the FY11 budget, which included furloughs and no service increments, provided that there would be no changes to health care or retirement benefits before July 1, 2012.

On March 15, 2011, in direct violation of our June 22, 2010 agreement, Ike Leggett submitted a budget that called for changes in health care and retirement. Prior to being proposed in Leggett's budget, these changes had not been presented to or bargained with the Fraternal Order of Police. That same day, the FOP filed a Charge of Prohibited Practice under the Police labor relations law. On April 13, 2011, the Permanent Umpire held a hearing on the charge. The FOP and the county attorney on behalf of Leggett made arguments to the Umpire. The Umpire issued a decision and order that found that Ike Leggett had committed a prohibited practice and ordered Leggett to submit an amended budget.

The County Executive appealed the decision to the Circuit Court. On May 6, 2011, Judge Rubin decided, in response to an FOP motion for summary judgment, that Leggett had complied with his obligation under law, and overturned the Umpire's decision. The FOP has a right to-appeal this decision.

On May 9, 2011, the County Council by straw vote, indicated their intent not to fund the existing FOP contract for the second year of the agreement (FY 12). The Council's appointed representative, Council President Valerie Ervin, met with the FOP and representatives of the County Executive to present the Council's views and to state the Council's position. Ervin provided a Council proposal to make changes to police officers' health and retirement benefits. The Council's goal as communicated to the FOP was to save an estimated $2.3 million dollars through benefits changes in the police bargaining unit.

The FOP made good faith proposals to the County Executive's representatives and shared them with the Council representative at every step of negotiations. Council President Valerie Ervin and Council Vice President Roger Berliner received copies of initial and counter proposals directly from the FOP. Our proposals would have saved the County an equal amount of money ($2.3 million) and addressed long-term structural issues identified by the Council.

The FOP has been true to the process. We have acted in good faith. We have made reasonable and responsible proposals. FOP representative have made our case before individual councilmembers and at public hearings. Through all this, police officers have remained on the job, performing their duties without disruption. We have remained there for the community.

We are currently examining options. We will inform you as things progress.

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