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State unions ready to fight**Labor leaders say the governor's suggested concessions go too far**

BY SAUL HUBBARD*The Register-Guard*Published: **Thursday, May 12, 2011 04:25AM**

SALEM — With the state set to release its latest revenue forecast today and labor negotiations about to kick into high gear, Oregon's two largest public-worker unions made conspicuous appearances at the Capitol on Wednesday.

A delegation from the Oregon American Federation of State, County and Municipal Employees union turned up in Gov. John Kitzhaber's ceremonial office with 500 letters to the governor from their members, stressing how the concessions Kitzhaber is seeking on public worker salaries, pensions and health care would hurt their wallets.

Meanwhile, a key researcher for Service Employees International Union, Local 503, was in Salem on Wednesday to discuss legislative progress on the 62-page plan the union released in March, which outlined ways state government could increase revenue and cut expenses, including its spending on managers, who are not unionized.

Kitzhaber, who ran with union support last fall, has made it clear that he will not lead a Wisconsin-style attack on public worker collective bargaining rights. But he has also repeatedly stated that significant union concessions are inevitable given state government's dire situation as it crafts the budget for the two years starting July 1.

Kitzhaber's first pitch to the state employees' unions in February included seven unpaid furlough days or a straight 3 percent pay decrease; the end of the state government's practice of paying employees' 6 percent contribution to their pension plans, commonly referred to as the "PERS pick-up"; a freeze in the state's contribution to public employee health care premiums at 2010 levels; and no step increases or cost-of-living increases in the coming biennium.

Union representatives didn't like Kitzhaber's proposal in February and their stance hasn't changed since.

Brian Lewis, 48, a Eugene resident and state worker since 1981, is president of a 600-member AFSCME local and was part of the delegation at the Capitol.

Lewis, who works in a supervisory position at two group homes for people with developmental disabilities in Eugene and Springfield, said that the governor's current proposals would be a hammer blow to public employees.

"Increasingly, I see that workers' motivation to work is going down. These proposals are creating a real morale problem," Lewis said.

Other AFSCME members echoed Lewis' view that, while public employees are willing to accept some concessions, Kitzhaber's proposal goes too far.

Union leaders have estimated that Kitzhaber's proposed concessions could result in a 15 to 25 percent reduction in total compensation for public employees. There is some dispute, however, over the exact financial effect of freezing the state's contribution to public employee health care premiums, the largest chunk of the estimated compensation reduction.

Lewis, who will have a seat at the table for AFSCME negotiations with the governor, said the members of his local would be willing to consider a pay reduction or more furlough days, as long as there are no changes to the PERS pick-up system or medical insurance.

He added that they are also unwilling to consider a concession on step increases, which employees get automatically, depending on their seniority.

“Some of my members have been state workers for 10 years and only had three step increases,” he said. “That’s not right.”

SEIU’s proposals to trim various areas of state spending so as to minimize public worker concessions has been met with mixed success, SEIU researcher Gary Weeks admits.

Legislators have moved forward with SEIU’s suggestions to trim management ranks in public agencies and to cut what state government spends on outside contracts for services and supplies.

Legislators also like the idea of increasing funding to the state Department of Revenue to improve the state’s tax collection rate, Weeks said.

“Some of the legislative leaders are very interested in that proposal,” he said. “There may be some movement on that in (budget) committees.”

However, one big-ticket union proposal — curtailing \$664 million per biennium in tax credits the state hands out to wealthy individuals and corporations — is unlikely to be tackled this session, Weeks said.

“We knew those would be hard things to get through,” he said. “But we thought it would worthwhile to lay it out as areas of state spending that also need to be scrutinized. If changes don’t happen today, maybe they will someday.”

Duke Shepard, Gov. John Kitzhaber’s labor and human services adviser, accepted AFSCME’s 500 letters in Kitzhaber’s stead Wednesday, as the governor was at a speaking engagement.

Shepard reiterated the governor’s commitment to collective bargaining but warned that the upcoming negotiations will be difficult.

“I appreciate you being here, and I hear your concerns loud and clear,” he told the delegation. “But that’s not a promise for an answer that you’re going to like.”

AFSCME’s Lewis said state employees won’t give benefits up without a fight during upcoming negotiations. “I think it’s going to get ugly,” he said.

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