

## State of New Jersey

## Governor Phil Murphy

# Murphy Administration Announces Tentative Contract Agreement with the Communications Workers of America (CWA) New Jersey, AFL-CIO

03/7/2019

*Agreement Yields \$70.4 Million in Sustainable Health Care Savings If Adopted by All Bargaining Units*

**TRENTON** – Today, the Murphy Administration announced a tentative contract agreement with the Communications Workers of America (CWA) New Jersey, AFL-CIO. The agreement spans the period of July 1, 2019 through June 30, 2023 and covers approximately 32,000 employees. The agreement is subject to ratification by the CWA membership, which will be completed this month.

"From day one, I've promised that we'd build a stronger and fairer economy by negotiating in good faith with our workforce," **said Governor Murphy**. "Our tentative contract agreement provides fair wages, allows for CWA members to enter a new health care plan that generates significant savings for the State of New Jersey and taxpayers, and provides a fair premium share for members. Together, we're turning the page from the failed approaches of the past toward a new chapter of mutual respect and dialogue with our workforce."

Highlights of the tentative contract agreement include:

### **Significant Health Care Savings**

The agreement provides high quality health care for members through a new plan while yielding \$70.4 million in sustainable health care savings if adopted by all bargaining units. Significant health care changes include, but are not limited to:

- Effective 7/1/19, there will be a new SHBP PPO plan offering for CWA members. The plan will continue to be administered through existing networks and providers. The primary source of the savings from this plan offering will result from a change in the out of network reimbursement rate to 175% of CMS.
- Employees in the new PPO plan will not be on the Chapter 78 scale, but will pay a percent contribution based on their annual salaries. The contract includes an escalator clause which includes obligations if premium costs exceed the baseline premiums. The state and the union commit to working collaboratively to reduce overall health care costs and share savings.
- Tiered and HMO plan offerings remain unchanged.
- Ombudsperson positions will be created to provide benefits counseling and information to new employees, assist in plan selection for right-sized coverage, assist employees with identification of in-network benefits and quality assurance, and conduct surveys regarding employee use of mental health services and effectiveness of EAP benefits.

### **Fair and Reasonable Salary Increases**

The contract provides fair and reasonable salary increases for workers:

- Effective the first full pay period after October 1, 2019, the base salaries of all CWA negotiations unit members shall be increased by 2%.

- Effective the first full pay period after July 1, 2020 and July 1, 2021, the base salaries of all CWA negotiations unit members shall be increased by 2%.
- Effective the first full pay period after April 1, 2022, the base salaries of all CWA negotiations unit members shall be first increased by 2%.
- All salary ranges and steps of the salary schedules in effect on June 30, 2019 shall be increased by: 2% effective the first full pay period after October 1, 2019; 2% effective the first full pay period after July 1, 2020; 2% effective the first full pay period after July 1, 2021; and 2% effective the first full pay period after April 1, 2022.
- Normal increments will be paid to eligible employees based on their anniversary dates.
- Employees at max who are ineligible for increments will receive non-pensionable bonuses:
  - All employees, who have completed at least 24 months of service, but less than 36 months of service, on step 10, in title/range, on or before October 1, 2021, and who are in that title/range on October 1, 2021, shall receive an off-base bonus payment in the amount of \$750.
  - All employees, who have completed at least 36 months of service on step 10, in title/range, on or before October 1, 2021, and who are in that title/range on October 1, 2021, shall receive the off-base bonus payment set forth above and an additional \$250 off-base bonus payment.
  - All employees, who have completed at least 24 months of service on step 10, in title/range, on or before October 1, 2022, and who are in that title/range on October 1, 2022, shall receive an off-base bonus payment in the amount of \$750.

**Streamlined Grievance and Arbitration Processes**

The agreement streamlines grievance and discipline arbitration processes to ensure adjudication of workplace disputes occurs in a cost-effective and timely fashion, benefitting both workers and management.

The total projected State costs of the contract are approximately \$120 million in incremental costs over the term of the contract. The Fiscal Year 2020 state cost of \$20 million is already accounted for in the Governor's Fiscal Year 2020 budget. A fiscal year breakdown of the projected costs may be found below:

	Incremental Costs		Total
	COLA	Bonus	
FY 2020	\$ 20.0	\$ -	\$ 20.0
FY 2021	\$ 33.5	\$ -	\$ 33.5
FY 2022	\$ 34.4	\$ 6.0	\$ 40.4
FY 2023	\$ 21.0	\$ 4.7	\$ 25.7
	<b>\$ 108.9</b>	<b>\$ 10.7</b>	<b>\$ 119.6</b>

The tentative contract agreement is subject to ratification by CWA New Jersey members.

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# Governor Phil Murphy

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