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Rejected pact wasn't so bad, experts say

By Andrew Maykuth and Jane M. Von Bergen

Inquirer Staff Writers

The proposed contract that SEPTA workers rejected was better than most workers are getting in the recession, some labor experts say. At worst, it was in line with other collective-bargaining agreements successfully negotiated in the last year.

"It looks like not a bad deal, one that any number of folks might like to have - actual raises," said Steven T. Wray, executive director of the Economy League of Philadelphia.

The five-year deal rejected by Transport Workers Union Local 234, which went on strike Tuesday, included a \$1,250 signing bonus upon ratification, a 2.5 percent raise the second year, and a 3 percent raise in each of the next three years.

According to the Bureau of Labor Statistics, public- and private-sector pay increases have followed a distinct downward trend in the year since the stock market crashed and unemployment soared.

Annual increases in compensation - wages and benefits - averaged 1.5 percent in September. Nine months ago, the average annual increase was 2.6 percent.

In the Philadelphia metropolitan area, the erosion has been more dramatic. Workers were getting 4.7 percent boosts a year ago. In September, they averaged 1.4 percent annual increases, according to the bureau.

Nationwide, private-sector pay increases have shrunk more remarkably in the last year than government compensation, reinforcing a trend that began in 1980, said Chris Edwards, a Cato Institute economist.

Private-sector annual compensation increases average 1.2 percent, half the increases secured by state and local government employees. Edwards said public-sector employers tended to be more generous granting increases to pensions and health care.

Unionized employees have tended to get bigger pay packages than nonunion workers.

James A. Matthews III, a labor lawyer in the Fox Rothschild L.L.P. law firm in Philadelphia, said collective-bargaining agreements this year average about 3 percent increases. Private-sector

employers have been willing to grant pay increases in exchange for reductions in benefit contributions.

Kerry Korpi, national director of research and collective bargaining for the American Federation of State, County and Municipal Employees, said the SEPTA wage package seemed to be in line with national trends for public employees, though it is difficult to compare because pension and health insurance contributions vary widely.

"In general, we are in the throes of a serious budget problem among our employers, and we are seeing a lot of pressure to solve those problems on the backs of our members," Korpi said.

"We've seen a lot of wage freezes," she said, noting that frequently the first year or two of a contract will provide no increase.

SEPTA's offer to the TWU, which represents the agency's bus, subway, and trolley operators, provided an 11 percent increase in pension benefits to workers. But it also demanded that workers pay an additional 1.5 percent of their base pay in pension contributions, up from the current 2 percent of pay. The deal would not increase workers' health insurance contributions, which are currently 1 percent of base pay.

The union wants 3 percent wage increases for each year of a four-year contract. It also wants increased contributions from SEPTA to its pension fund and more control over "job picking" rights.

Gov. Rendell, who blasted the TWU's leadership for walking away from what he called a generous offer, said the SEPTA proposal was much better than the terms accepted by Pittsburgh transit workers in December.

Pittsburgh's 2,300 bus and light-rail operators and maintenance employees ratified a contract that included 11 percent pay increases spread out over four years. They agreed to increase their health-care contributions from 2 percent of pay to 3 percent.

The Pittsburgh workers, represented by the Amalgamated Transit Union, also contribute 4.5 percent of their wages to the pension fund - more than double the contribution SEPTA workers pay.

TWU president Willie Brown said Mayor Nutter was concerned about how a SEPTA contract could influence the city's negotiations with its police, fire, and nonuniformed employees. All four union contracts expired June 30.

Nutter is seeking zero-percent raises over four years, with increased employee contributions to their pensions - a harder line than SEPTA took in its initial proposal.

Patrick Eiding, president of the Philadelphia council of AFL-CIO, declined to compare SEPTA's offer with other agreements. He said the more worrisome trend is that a large number of public contracts have expired, and that negotiations are reduced to shouting in the news media.

"That doesn't lead to good collective-bargaining agreements, and that's scary," Eiding said.


He encouraged the two sides to return to the bargaining table.

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