

**Report to the Youngstown State University
Board of Trustees Internal Affairs Committee
on the
Labor-Management Review Panel Report
by
President David C. Sweet**

February 23, 2006

On October 12, 2005, I announced the appointment of a seven-member panel of Youngstown State University and community representatives to review the recent round of negotiations with the faculty (YSU-OEA) and classified staff (YSU-ACE) unions and to propose recommendations to improve campus labor-management relations.

The Panel consisted of seven persons:

- Eugenia Atkinson, Executive Director of Youngstown Metropolitan Housing Authority and former YSU trustee
- Jim Graham, President of G.M. Lordstown, U.A.W. Local 1112
- Dennis Haines, Partner of the law firm of Green, Haines, Sgambati Company, LPA
- Robert K. Herbert, YSU Provost and Vice President of Academic Affairs and Panel Chairperson
- James Morrison, Emeritus Chair of the YSU Department of Psychology and former Chair of the YSU Academic Senate
- John Pogue, Partner in Harrington, Hoppe & Mitchell, LTD and Vice Chair of the YSU Board of Trustees
- Thomas Shipka, Chair of the YSU Department of Philosophy and Religious Studies and Chair of the YSU Academic Senate

I asked this Panel to explore the following four questions and provide a set of recommendations:

- Why did the negotiations break down in 2005?
- How was this round of negotiations different from previous rounds?
- How can we make sure that the next round will be better?
- How should the process be changed to produce better results?

The Panel's report, released on January 12, 2006, included two dozen recommendations.

Today, I am providing to the Youngstown State University Board of Trustees and the campus community my response to the Panel's report. In order to better understand the intricate context of the issues involved, I have structured my information into three sections:

- 1) Background on the planning undertaken by the administration and Board of Trustees beginning in the Fall of 2003 for the 2005 round of negotiations with OEA and ACE.
- 2) Key economic provisions of the contracts negotiated with both unions.
- 3) Responses to the recommendations issued by the Panel.

BACKGROUND

For almost 100 years, more than 100,000 students have benefited from the collective and individual work of the faculty and staff dedicated to transforming students into successful professionals, scholars, citizens, and leaders. In order to advance this vision and the University's mission, a top priority has been to recruit and retain outstanding faculty and staff by offering competitive salaries and benefits as well as providing a quality work environment.

Employee compensation is one of the critical issues, or nine priorities, of the Centennial Strategic Plan completed in 2002: "YSU will further develop a competent, motivated, diverse and competitively paid workforce committed to carrying out the mission of the University."

In doing so, a public institution of higher learning such as Youngstown State University, has had to seek an equitable balance of employee compensation, as well as cost-effective institutional operations and competitive tuition rates. In recent years, the trustees and administration have sought to achieve this balance while maintaining and enhancing the quality of our academic programs, all in the face of unprecedented declining state support for public higher education.

State funding for Youngstown State University has dropped precipitously in the last six years. In FY 2000, state funding made up half of the University's budget. This fiscal year, less than one-third of the University's budget comes from state funds.

In fact, as reported in the Chronicle of Higher Education, Ohio ranked 44 out of 50 states in FY 2006 for its spending for higher education.

As a result of these conflicting pressures, Youngstown State University has been forced to raise tuition rates over the last eight years. The Ohio General Assembly has imposed a 6 percent annual cap on these increases.

The dramatic shift in funding support of higher education has created major repercussions for universities throughout the state. Though YSU trails the average increase for public universities in Ohio, the higher cost to students has outpaced national inflation measures. Students and their families clearly have borne the burden.

Along with declining state support, incessant, double-digit health care cost increases have had a dramatic impact on the University's budget. In the recent negotiations, these costs necessitated that the University ask employees to share some of these higher costs in order to maintain an excellent health care plan and moderate tuition increases. In doing so, the University asked employees to make a reasonable contribution – one that is lower than that paid by employees at most other employers. Annual pay raises, however, continue to keep pace with or exceed compensation for employees in both the public and private sectors.

KEY ECONOMIC PROVISIONS

Planning for the Summer 2005 negotiations for the faculty and classified staff bargaining units began as early as Fall 2003. The Board of Trustees and I anticipated that these negotiations would be difficult because the University would be unable to offer economic packages in line with union expectations due to the severely constrained financial environment.

Throughout the planning process, the goal of the University was to offer competitive salary increases, but also achieve cost savings to protect the University's long-term financial stability. This past summer, the Board of Trustees and administration sought to address this delicate balance of employee compensation and University operational costs by adopting a strong position on health care and other economic issues with the OEA and ACE contract negotiations.

The University contracts negotiated with OEA and ACE will result in the following critical savings:

- A savings in health care expenditures of \$1.7 million in the first full year of negotiated changes.
- A base savings of \$1.6 million beginning FY 2009 for the 77 non-faculty employees who thus far have signed up for the Early Retirement Incentive Plan (ERIP). If all 185 eligible employees sign up for the ERIP, the base savings will increase to \$3.8 million beginning in FY 2009.
- A savings of \$1.3 million per year by FY 2009 as a result of negotiated changes in the ACE salary structure (step increases and longevity) for new employees.
- A 6.7 percent reduction in the number of eligible hours and the amount of compensation in Extended Teaching Service (ETS) for retired faculty, beginning in FY 2008. A one-year reduction in the number of years of eligibility also was negotiated. This year, ETS costs are projected to exceed \$1.05 million.

These savings will strengthen the financial position of the University against the prospect of future state funding cuts.

I would like to make one additional comment about ERIPs and retirements. Early retirement programs are not new to YSU. In the 1990s, 272 faculty and staff members enrolled in two separate ERIPs, at a cost in excess of \$23 million. Adjusted for inflation today, that amount would well exceed \$30 million.

During the past four years, we have replaced 120 faculty members, most of whom have retired. This year, we anticipate 23 additional faculty retirements. This is both a national trend in which increased faculty retirements today are the result of the dramatic expansion of higher education in the early 1970's and YSU's own conversion to a state university in 1967.

I am confident that the savings outlined above will have lasting economic benefits for YSU, but some critics have raised questions regarding the administration's forecasts of cost savings. Therefore, I have asked the University's Internal Auditors, Packer-Thomas, to review the methodology used in preparing our estimates and will ask our External Auditors, Ernst and Young, to incorporate an assessment of actual savings as part of their annual audit of the University. This way, there can be no doubt or confusion regarding the financial impact of our recent negotiations.

As a result of the Board of Trustees' and the Administration's strong commitment to cost-containment and what we believed were fair and reasonable contract proposals, negotiations became strained. Unfortunately, the result was strikes by both OEA and ACE.

In the immediate aftermath of these strikes, however, there remained discord among some University employees. After the strikes, there were some who advised a six-month cooling off period, while others encouraged the immediate formation of a labor-management review panel. In seeking to accelerate the campus healing process, in October I convened the Labor-Management Review Panel.

The Panel worked through a difficult set of issues and made some solid recommendations. It also made a few recommendations that I strongly believe are contrary to the values of this University.

Before outlining my response to specific recommendations, I would like to make the following comments:

- First, since the Panel issued its report, I have engaged in a process of consultation that has included meetings with the presidents of all campus bargaining units, the leadership of student government, the Cabinet, the Council of Deans, the Executive Directors, the Board of Trustees and others. These conversations have been productive and have shaped my response to the Panel's report.
- Second, it was never a given that I would automatically accept the report in its entirety. To do so would have been an abdication of my responsibilities.

- Third, in implementing the recommendations, I have to be accountable and responsible in ways that the Panel and critics on campus often are not. The University must function within the law, within standards of ethical behavior, and within very real budget constraints—many of which can affect every division and unit in the University.
- Fourth, the inclusion of names of individuals in the Panel’s report is unprecedented in most universities’ accepted behaviors. It raises legal issues, and it weakens the implementation possibilities of the very recommendations the Panel made. Unfortunately, it also exposes every University faculty and staff member to the same personal singling out and attack in the future. It is antithetical to building productive and mutually respectful relationships that work, to recruiting new professionals to our University, and to future labor-management communication.

The Panel’s report includes 24 recommendations. Of these, six can be addressed by the administration acting on its own. The remaining recommendations require actions by the Unions, the Board of Trustees, or joint actions by various parties.

The Panel’s report underscores the fact that improvement of labor-management relations is the responsibility of the entire campus. As President, I am committed to take the lead in developing labor-management relations built on trust and mutual respect. I have called upon the leadership of the University’s unions to consider seriously the recommendations of the Panel that apply to them.

Upon receiving the Panel’s report, the administration prepared a compilation of its recommendations identifying the responsible party for implementation. My response to each recommendation is indicated below in bold italics. Please note that in parentheses the appropriate party is identified to implement the proper recommendation. If two parties are listed with a backslash, then both must act jointly; and if two parties are separated with a semi-colon, then either may act independently.

RESPONSE TO PANEL'S RECOMMENDATIONS

- Change participants on all sides. (Administration; Union)

I have asked the administrative negotiating teams from both the faculty and classified employee negotiations to step down and they have done so. They will not be involved in the next round of negotiations. I urge OEA and ACE unions to have their negotiating teams agree to step down also.

- Do not include lawyers on the negotiating teams. (Administration; Union)

I assume that everyone recognizes the need for legal review of contract language and counsel during negotiations. I will make every effort to draw membership of future negotiating teams from the ranks of current or retired university employees.

- Open the University's economic circumstances to scrutiny from all parties well before negotiations commence. (Administration)

As an open records institution, we have always adhered to the principle behind this recommendation and will continue to do so. We will redouble our efforts to communicate information about YSU's budget and finances to the campus. I have met with the presidents of the two unions with whom we will negotiate this spring and asked them to contact me directly should they encounter any difficulty with the administration for reasonable requests for economic data.

- Carve out health care as a separate item which the University would discuss with all unions and resolve as a separate issue from the other items in the contract. The parties should also try to find other areas of uniformity to facilitate labor relations and to reduce costs and administrative complexity. (Joint Administration/Union)

I welcome the cooperation of the campus bargaining units in working to implement this recommendation. If implemented, a major step would be taken in reducing the complexity and administrative cost of the university managing five different health care plans.

- Ground rules for future negotiations should include a news blackout. (Joint Administration/Union/Board)

While I support the intent of this recommendation, I believe it is prudent to review the ground rules at the start of each negotiation process and determine at that time the best course of action. I do urge the adoption of a news blackout as a ground rule, but will leave it to be decided on a case-by-case basis.

- All parties must commit to resolving work related matters without resorting to the grievance procedure. (Joint Administration/Union)

The University has been committed to resolution of issues without resorting to the grievance procedure. The “Meet and Confer” language should be added to the ACE Agreements as it is currently lacking. The University has consistently proposed that language be added to all Agreements that the losing side should pay for the entire cost of an arbitration as a way to minimize arbitrations. To date, all campus bargaining units have refused to accept this language.

- The Director of Faculty Relations should report to the Provost, not to the President, and a new Director of Faculty Relations should be appointed. The Director of Faculty Relations should also not be a participant in the contract negotiating process. (Administration)

The Director of Faculty Relations will report to the Provost and a new Director of Faculty Relations will be appointed effective March 1, 2006. The Director of Faculty Relations will not be involved in future contract negotiations.

- The President should appoint an Ombudsperson for non-faculty employees to parallel the function served by the Director of Faculty Relations. The Ombudsperson should not be a participant in the contract negotiating process. (Administration)

Persons with parallel functions as Director of Faculty Relations will be appointed to work with the other campus bargaining units and will not be involved either directly or indirectly in future contract negotiations.

- The President should constitute a standing Labor-Management Council whose membership will include the President and elected representatives of relevant campus constituencies. (Joint Administration/Union)

I have had a preliminary discussion of this recommendation with bargaining unit presidents. It is my intent to convene a Labor-Management Council in March 2006, the composition and objectives of the Council to be determined in consultation with the bargaining unit presidents.

- This Council should make regular reports to the Internal Affairs Committee of the Board of Trustees. (Board)

A quarterly report from the Labor-Management Council should be included in the agenda to the Internal Affairs Committee meetings. An annual presentation by the Labor-Management Council should be provided to the Board of Trustees.

- The President of the University must take the lead in re-establishing a relationship with the Unions, and he must be involved in the rehabilitation process. (Administration)

I accept this responsibility.

- It is the recommendation of this Panel that neither Mr. John Habat nor Mr. Hugh Chatman can serve effectively at the University in any capacity. (Joint Administration/Board)

I disagree with this recommendation as stated.

- Health, safety, and environmental concerns need to be accorded greater priority in the university's administrative structure. (Administration)

We have always accorded great priority to the health, safety and environmental concerns of the University and will continue to strive to maintain the highest level of responsibility toward that purpose. This topic will be an agenda item for the Labor-Management Council

- Involve the Provost in the negotiating process with the faculty, as well as department heads as needed for non-economic issues. (Administration)

I will ask the Provost to be involved in the negotiating process for non-economic issues on an as-needed basis. Past negotiating teams have included department chairs. The most recent negotiating team included two Deans and an Associate Provost who were full participants in both economic and non-economic issues.

- All parties should agree on a mechanism for rumor control. (Joint Administration/Union)

I agree and welcome suggestions for achieving this recommendation.

- Union leadership should communicate regularly and accurately with bargaining unit members and important votes should be taken by secret ballot. (Union)
- Provide a vehicle for the President, with or without other administrative officers, and the Union representatives to have regular contact. (Joint Administration/Union)

This recommendation will be discussed with the Labor-Management Council, which will include the presidents of each bargaining unit.

- The administration and union negotiating teams should limit their proposals to a handful of key issues and not seek to completely rewrite existing labor agreements, particularly when there is no demonstrable and reasonable basis for the proposed change. (Administration; Union)

The administration has consistently adhered to this principle and will do so in the future.

- The Panel recommends that Ms. Christine Domhoff be rehired. (Joint Administrative/Board)

This issue is properly before experienced arbitrators. It is not appropriate for the administration to interfere with this process.

- Further, the Panel recommends that both Ms. Domhoff and Mr. Maldonado voluntarily withdraw from primary leadership roles in ACE for a least one round of negotiations. (Union)
- Parties should complete negotiations fully at the table. (Joint Administration/Union)

I agree.

- The Panel recommends that the portfolio of the current Vice President for Administration be divided as it was previously and that separate executive officers for University Services and for Human Resources be appointed. National searches for each of these positions should be undertaken. However, the President may make interim appointments until these searches are concluded. (Joint Administration/Board)

The Office of Human Resources, which currently reports to the Vice-President of Administration and Finance, will now report directly to the President. The Executive Director will be re-assigned and will report to the Office of the President. An Interim Executive Director of Human Resources will be appointed effective March 1, 2006.

- Good minutes should be kept of every negotiating session and provided to all parties in a timely fashion. (Joint Administration/Union)

I agree.

- The Trustees should adopt the improvement of the labor relations climate on campus as a long term goal, and give the administration the resources needed to achieve this goal. (Board)

I agree.

CONCLUSION

A major theme that emerged in the Panel's report, simply put, is that we need to start fresh with new faces and leadership involved in labor-management relations and labor negotiations. I support this objective and have taken several significant steps, outlined in my response to specific recommendations, to ensure that there will indeed be a fresh start with new faces representing the administration. I call upon the leaders of the OEA and ACE bargaining units to do likewise.

Labor unrest long predates my tenure at YSU and has been complicated by the challenging financial environment that we have been confronted with since I arrived on campus. Labor relations involves more than the relationship between the union leadership and the administration. It involves the day-to-day working relationships between supervisors and employees in academic and administrative departments. These relationships provide a positive foundation upon which to build.

One way to measure labor relations is in terms of the number of grievances and arbitrations. Between July 2000 and December 2005, 163 grievances have been filed by the four bargaining units. While this may seem like a large number, it averages to between two and three per month, far less than is common in many public and private sector employers with multiple unions. Of the grievances filed, 134 or over 82 percent were filed solely by the ACE union. The other three bargaining units accounted together for only 29 grievances in a five and a half year period, a remarkably low number. If we examine the grievance activity of the ACE union, an overwhelming majority have been resolved. Only 32 of the 134 grievances filed by ACE (24 percent) are still pending. Further, review of those grievances reveals that 21 are separate filings on four issues.

As stated previously, I cannot accomplish the critical goal of improving labor relations alone. A few persons on campus seem intent on placing the entire blame and burden for fixing the current situation on the administration while offering little if any constructive contributions.

While I am willing to work with all who come in the spirit of cooperation and problem solving, we can no longer afford to expend time and energy on issues focused on personal attacks, unfounded and irresponsible accusations, and disruptive rhetoric. It is time to move forward. It is time to fully focus on our reason for being here: the education of students.

Youngstown State University has achieved remarkable progress in recent years. Since the fall of 2000, enrollment has increased by 1,025 students or 8.7 percent. In that same period, minority enrollment has increased by 52 percent and remains at an all-time high. Sponsored research reached \$6 million in grants and contracts annually. YSU is known and recognized for its pursuit and commitment to undergraduate research. Our goal should be to expand these opportunities for our students.

The University faces some serious challenges ahead, not the least of which is the Taxpayer's Bill of Rights (TABOR) initiative on the fall ballot. This proposal will cap state expenditures with a potentially devastating impact on higher education.

In the face of a challenging budget environment, we must successfully navigate the Higher Learning Commission accreditation process, continue to implement the Technology Master Plan, continue to make needed physical improvements to classrooms and buildings, and develop needed new academic programs and enhance existing ones.

New revenues must be raised to increase scholarships and fund the master plan initiatives, including those that will be signature programs and capital investments in celebration of the University's Centennial in 2008. We must work together so that we will weather these impending financial and political storms and advance the institution in the interest of Youngstown State University and the Mahoning Valley.

As promised, I have presented a serious and comprehensive response to the recommendations of the Labor-Management Review Panel Report. I have learned that I, and all members of the Youngstown State University community, must make an earnest commitment to work together to improve labor relations.

Therefore, I will re-dedicate myself to the core value of Integrity and Human Dignity found in the YSU Centennial Strategic Plan: “As a campus community, we expect all conduct to be rooted in integrity, mutual respect, and civility. We value ethical behavior in scholarly and other endeavors; believe in the dignity and worth of all people; strive to foster an appreciation of, and respect for, differences among the human race; and celebrate the diversity that enriches the University and the world.”

I hope that the entire campus community will join in affirming this core value.