Opening Statement

My name is Marie Duarte and I am counsel for the International Brotherhood of Teamsters, Local 117. With me today is Danielle Franco-Malone, my co-counsel in this matter. With us next week will be Anil Karia, our other counsel for this matter.

Arbitrator Duffy thank you for your willingness to serve as the arbitrator for this case. It is our hope that the Union's presentation of evidence and testimony will prove to be useful to you as you make your final determination on the issues before you.

Teamsters Local 117 represents a bargaining unit of approximately 6000 employees working in over 100 classifications within the WA State Department of Corrections. These employees perform essential public-safety work for the citizens of the State of Washington. They are tasked with providing every aspect of custodial care for over 17,000 offenders in the State of Washington, and they endure substantial risk to keep the public safe. It is important to highlight that every day, our members work with large groups of confined offenders who live in crowded spaces, who may have a history of violent behavior or mental illness, and who may be aggressive or confrontational towards other offenders or toward staff. It is difficult to imagine a career in State employment that carries with it higher responsibility and risk, and yet, these employees are grossly undercompensated for their service to the public.

Unlike some of their law-enforcement counterparts, the employees of the WA State Department of Corrections do not have access to interest arbitration by virtue of statute. Instead Local 117 and DOC have voluntarily agreed to use interest arbitration as a mechanism to resolve impasse over changes to mandatory subjects of bargaining. Joint Exhibit J-8 is a copy of the parties' Interest Arbitration MOU. Under Section 2 letter F you will find a list of factors that you must take into consideration as you make your final determination, which mirror the factors set forth in Washington's interest arbitration statute. This is the parties' third interest arbitration case. On Joint Exhibits J-1 and J-2. You will find the prior two decisions issued by Arbitrator Lankford in 2014 and 2016.

Over the course of the next eight days, the Union will present evidence in support of its final protected position. You can find the Union's Protected Position on these issues on Joint Exhibit J-11.

The Union will start its presentation with a 15-minute film, which provides an overview and an inside look at what it means to work inside a prison. In this video you will also hear from Dr. Suzanne Best, and she will be called as an expert witness to summarize the research on the psychological and physical impacts of prison work, and her conclusions after conducting a comprehensive study of the impacts of corrections work on this exact bargaining unit. The Union will demonstrate unequivocally, that working in a Washington State prison, whatever your job classification, carries with it impaired or reduced quality of life, a substantially higher risk of: injury; of being exposed to infectious diseases; sleep-disruption; post-traumatic stress disorder; depression; suicide; divorce; alcoholism; and other stress-related health conditions.

Not all work places are created equal, and from our perspective, the detrimental impact of corrections work is an important factor that should be considered when piecing together the unit's compensation in the context of the overall state budget.

Through the course of the next three days you will hear from Union President and Director of Corrections and Law Enforcement Michelle Woodrow, as well as bargaining unit members who will speak about the Union's economic proposals. Our witnesses will explain the reasons why the Union is requesting targeted wage increases, premium pay, and a better life work-balance for our bargaining unit members. These proposals pertain to issues such as the accrual of exchange time for overtime exempt employees; shift premiums for medical classifications and employees working in specialized units, as well as a premium for employees who take on additional responsibilities for the benefit of the department, among others.

Of paramount importance, however, is the general wage increase to be afforded to DOC employees. A substantial portion of the Union's case, therefore, will be spent addressing our proposal for a general wage increase for the entire unit, as well as presenting evidence on the State's ability to pay for the increases the Union is seeking. No matter which compensation study you look at, the employer's or the Union's, you will reach the same conclusion: Correctional workers working in WA State are behind the comparables. The question is, *by how much*?

We believe that at the conclusion of this hearing, you will see that these workers are a staggering ***17%*** behind the market. That is why, our proposal for the General Wage Increase seeks to close the gap by implementing an 8.5% general wage increase in the first year and an 8.5% general wage increase in the second year. In addition, to help ensure that these workers don't just continue to fall behind as they have in past years, we are seeking a 4% cost of living adjustment in each year to protect the unit's wages against the rising inflation.

The Union has conducted two, detailed compensation analyses, which support the Union's wage proposal. The Union's annual 8.5% general wage increase is justified by our State total compensation survey, which reveals that bargaining unit classifications are on average 17% behind the market. That market deficit was calculated by comparing Washington total compensation to Arizona, Colorado, Nevada, Oregon and Utah total compensation, adjusted for relative costs of living. You'll hear that DOC and Local 117 have agreed to use these five comparator states. Our survey compared Washington's compensation, for 19 of the bargaining units most populated classifications to how those positions are compensated in the five comparator states.

The Union's proposed general wage increase is further justified by a comparison of Washington total compensation to our local labor market in nine Washington counties. That local labor market comparison shows a similar average total compensation deficit as our State study , reinforcing the conclusion that Washington DOC employees lag *far* behind their counterparts.

At the last interest arbitration, Arbitrator Lankford adopted the Union's argument that local counties should be included in the comparability analysis. In 2016, the Union analyzed the location of its DOC membership, both in terms of where they work and where they live, and discovered that 90% of the membership lived and/or worked in 9 Washington State Counties. The Union then surveyed those 9 counties as part of its wage study. Counties do not provide the full range of services that must be provided to sustain long-term residential and custodial care and supervision. So there are some classifications which simply do not have a county equivalent. But the county survey *did* reveal meaningful comparisons for some of our classifications – including some of the most populated benchmarks like the custody classification. When we dive through the data, you'll see shocking trends. For example, the CO2 classification—the rank-and-file corrections officer classification, which is the most populated classification in the bargaining unit—is close to 20% behind the State market and 23% behind the local labor market for mid-career employees. That deficit persists, even with our two prior interest arbitration awards.

Arbitrator Lankford included the counties relying on RCW 41.06.157 which requires the state to consider rates in other public employment when developing the State's Comprehensive Classification plan, and DOC's own admission that it competes with Local counties "who typically pay higher wages" when filling vacancies. We submit to you that our county results should once again be included in the comparable analysis. After all, the reality is that when Washington DOC loses an employee to another employer, it's unlikely to be Arizona, Utah, or Colorado, and much more likely to be Walla Walla County, Snohomish County, or some other local corrections employer.

In addition, to help ensure that these workers don't just continue to fall behind as they have in past years, we are seeking a 4% cost of living adjustment in each year to protect the unit's wages against the rising inflation.

You will hear all the details about the Union's compensation studies early next week, with witnesses Dr. John Kimball and Carla Pusateri testifying about their work in measuring the overall compensation received by bargaining unit members as compared to other relevant States and local counties. Their work is quite revealing.

Despite the staggering 17% gap, the State has proposed a mere 2% general wage increase in the first year, and a 2% general wage in increase in the second year. The bargaining unit overwhelmingly rejected this proposal with 99% of 2,920 bargaining unit members voting to reject the State's offer.

Our number one priority in this interest arbitration is to secure a General Wage Increase that mirrors the average market rate for the services our members perform, and to preserve the value of the bargaining unit's wages in this rising economy. You will repeatedly hear that our members are being left behind, while everywhere around them prices are increasing, and the compensation their counterparts in comparable markets are receiving continues to rise.

In fact, our workers are *so* far behind that in 2014 and 2016, Arbitrator Lankford found support for general wage increases of 9.8% and 10.5% designed to narrow the towering gap between WA DOC employees and other comparable corrections workers. Both of these awards were deemed financially feasible by the Office of Financial Management, and were funded by the Washington State Legislature. Even with these awards, which are hardly modest, DOC employees continue to fall further and further behind.

I would like to flag Union Exhibit 26. You will be hearing more about this exhibit from our compensation experts, but this chart illustrates the challenges we are facing today.

- In 2014 DOC's wages were 83% of the market average – meaning DOC employees earned *seventeen percent less* than their peers in comparable markets. Even with Arbitrator Lankford's 9.8% award, the wages rose to 91% of the market average in 2014, still nine percent behind.

- By the time we found ourselves back in interest arbitration in 2016, that lag had become even more pronounced. Instead of 91% market average, DOC employees were making only 87% of the market average. That's because the comparators markets had also received wage increases and continued to push the market average up between 2014 and 2016. Lankford found it necessary to award an increase of 10.5%, which pushed DOC's wages to from 87 to 96% of the market average in 2016 – getting closer to our comparators, but still four percent behind.

- Now, as we stand before you two years later, our 96% has been eroded to 88% of the market average. Once again we have seen exponential growth in the wages paid to the applicable comparators, as other states use this booming economy to give their employees long overdue and much deserved raises.

Despite the significant increases this unit has received through interest arbitration, there has only been marginal improvement. This unit started out 83% of market in 2014 and is stuck at 88% of the market as things stand before you today.

Like in *any* interest arbitration, you will likely hear from the employer about why it can't afford to give the increases the union seeks, and in particular, about the State's overall financial condition. However, the Union will introduce evidence that will lead to three important conclusions showing that the State *can* afford to "close the gap" between DOC employees and employees in comparable corrections facilities:

1) First, the State's economic condition is substantially better and improving since the last interest arbitration award. WA State has the fastest domestic product growth in the nation more than twice the national growth rate; unemployment has fallen; home values are climbing; and the balance sheet has stabilized.

2) Second, in percentage terms the State of Washington continues to spend less of its general fund budget on corrections than comparable states and that says something about the state's ability to pay when viewed as a budgetary choice

3) And finally, the general economic trend nationwide and in terms of state revenue is up and not down. And while the future is never certain all indicators suggest that the state can continue to expect growth and therefore continue to increase its general fund revenue.

Last, but not least, the Union will put forth evidence to show that recruitment and retention continues to be a problem for DOC, despite its efforts to address recruitment and retention issues through means *other than* increasing compensation. You will hear how high turnover in custody and health services occupations continue to be a major issue for DOC, as it tries to compete with other public employers with higher salaries throughout the State. The high turnover translates into higher overtime costs for the agency and significant losses in recruitment and training costs. You will hear about how DOC's problems with recruitment and retention cost DOC more than $2,000,0000/ year, as it serves as a "training ground" for employees who stay at DOC for a few short years and then, tired of being underpaid, go to work for other correctional agencies with better pay and working conditions.

At the conclusion of this hearing, we ask that you grant the Union's request for equity, and allow these employees to maintain standards of living instead of forever backsliding against the rising cost of living around them.