

## District 4 and 9 Agreements Raise Members' Standard of Living

### Wage Gains, Inflation, and Health Care

Most workers in America are losing ground: they are seeing wage cuts and losing wages to inflation; they are losing health care coverage and seeing increased health care costs; and they are losing pensions and retiree health care.

**In this economic environment, Districts 4 and 9 bargained overall packages that raise members' standard of living, even when accounting for added costs for health care.**

General wage increases in both agreements are 3%, 3%, and 2.75%, a 9% increase to base wages when compounded over the life of the contract. There is a Cost of Living Adjustment (COLA) in the third year of the contract which will pay 50% of any inflation over 4%.

The 9% increase will be offset by increased healthcare costs, which will effectively reduce the total wage increase to 5.8%.<sup>1</sup>

**Y1:** 3.0% wage increase

**Y2:** 3.0% wage increase - 1% increased health care cost = 2.0% effective increase

**Y3:** 2.75% wage increase - 2% increased health care cost = .75% effective increase

Total compounded effective wage increase of 5.8%.

Professional inflation estimates project a total 3% increase over the next three years.<sup>2</sup> An effective wage increase of 5.8% set against 3% inflation leaves our purchasing power enhanced by 2.8% at the end of the agreement.

This is a real gain. The dollars in our pocket will grow at a faster rate than prices. Our purchasing power will grow and our standard of living will improve, even in this very difficult economy. The District 4 and District 9 contract settlements are among the best in the country.

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<sup>1</sup> During the first two years of the contract, new health care costs are offset by new HRA's dollars of \$1,125 (simple average of combined single and family rates) for members in plans similar to ours. Since members don't pay any taxes on HRA money, the HRA purchasing power is higher than taxed wage dollars.

<sup>2</sup> Estimates from Wall Street Journal Blue Chip Forecasters, Congressional Budget Office, and Federal Reserve.