

# 2024 CONTRACT FACTS ISSUES IN FOCUS



## Compounding Wage Example #1: At Maximum Rate

Wage increases that compound over time put more money in your pocket. Compounded growth means that each annual general wage increase is being applied to a wage that will grow each year of the contract. For instance, 5% of \$80,000 is more than 5% of \$75,000. Below is an example of how the compounding wages in the latest proposal would lead to higher increases over time for a member at Labor Grade 4.

### Example of what we have achieved within the latest proposal:

Let's take the example of a member at Labor Grade 4: You start with the September 2023 maximum rate of \$42.55 and then add the COLA fold-in of \$0.44 which adds up to \$42.99 per hour. Note: This is what shows on the June 2024 wage card. The June 2024 wage card is included on a following page for reference. This year, upon ratification, you would receive a 13% general wage increase (GWI).

- In the first year, the 13% GWI gives you an increase of \$5.59 per hour, bringing your hourly rate to \$48.58.
- In the second year, your 9% GWI is calculated on the new \$48.58, *not just the original \$42.99*, so you receive an increase of \$4.37, bringing your hourly rate to \$52.95.
- This pattern continues, with each year's GWI being calculated on the previous year's higher hourly rate, leading to a larger overall increase over time due to the compounding effect.

**Note: The GWI is calculated off the current wage card of June 2024 (included on next page) or each individual's current Wage Rate.**

### Step-by-step breakdown:

- Year 1:
  - September 2023 hourly rate: \$42.55 + COLA fold-in \$0.44 = \$42.99
  - GWI of 13% ( $\$42.99 \times 0.13$ ) = \$5.59
  - New hourly rate ( $\$42.99 + \$5.59$ ) = **\$48.58**
- Year 2:
  - Starting hourly rate: \$48.58
  - GWI of 9% ( $\$48.58 \times 0.09$ ) = \$4.37
  - New hourly rate ( $\$48.58 + \$4.37$ ) = **\$52.95**
- Year 3:
  - Starting hourly rate: \$52.95
  - GWI of 9% ( $\$52.95 \times 0.09$ ) = \$4.77
  - New hourly rate ( $\$52.95 + \$4.77$ ) = **\$57.72**
- Year 4:
  - Starting hourly rate: \$57.72
  - GWI of 7% ( $\$57.72 \times 0.07$ ) = \$4.04
  - New hourly rate ( $\$57.72 + \$4.04$ ) = **\$61.76**

| Summary:   | Year 1         | Year 2         | Year 3         | Year 4         |
|--|----------------|----------------|----------------|----------------|
| Increase of...   | \$5.59         | \$5.59         | \$5.59         | \$5.59         |
| Additional Increase of...  |                | \$4.37         | \$4.37         | \$4.37         |
| Additional Increase of...  |                |                | \$4.77         | \$4.77         |
| Additional Increase of...  |                |                |                | \$4.04         |
| <b>Total Increase from Current (\$42.99)</b>   |                |                |                |                |
| <b>Wage:</b>   | <b>\$5.59</b>  | <b>\$9.96</b>  | <b>\$14.73</b> | <b>\$18.77</b> |
| <b>New Wage*:</b>  | <b>\$48.58</b> | <b>\$52.95</b> | <b>\$57.72</b> | <b>\$61.76</b> |
| <i>*Not including any potential COLA in years 2-4. For information on how the COLA is calculated, go <a href="#">here</a>.</i> |                |                |                |                |

**Key takeaway: Compounding wage increases = higher increases over time.**

FOR REFERENCE:

**CURRENT / JUNE 2024 RATE CARD**

| LABOR GRADE | MINIMUM RATE * | MAXIMUM RATE |
|-------------|----------------|--------------|
| 11          | 26.00          | 51.74        |
| 10          | 25.00          | 50.42        |
| 9           | 24.00          | 49.25        |
| 8           | 23.00          | 48.00        |
| 7           | 22.00          | 46.71        |
| 6           | 21.00          | 45.48        |
| 5           | 20.00          | 44.18        |
| 4           | 19.00          | 42.99        |
| 3           | 18.00          | 41.79        |
| 2           | 17.00          | 40.52        |
| 1           | 16.00          | 39.26        |
| A           | 15.74          | 23.71        |

\*Minimum wages as set by the State, individual cities, and municipalities could increase the Minimum per hour base rate.

**\*\*MINIMUM RATES SHALL BE INCREASED BY COLA INCREASES GOING FORWARD\*\***

Rates shown above are first shift.

Second shift: add \$1.00, this differential increases to \$1.25 in the new agreement

Third shift: add .10 cents, this differential increases to \$.30 cents in the new agreement

Seniority progression increases of .50 cents will occur at 6 month intervals up to the Maximum Rate in accordance with Section 6.3(a) of the Bargaining Agreement.

**NEW WAGES RATES UPON RATIFICATION SHOWING NEGOTIATED MINIMUM and MAXIMUM RATES**

| LABOR GRADE | NEW MINIMUM RATE * | NEW MAXIMUM RATE |
|-------------|--------------------|------------------|
| 11          | 37.00              | 58.47            |
| 10          | 35.00              | 56.97            |
| 9           | 33.00              | 55.65            |
| 8           | 31.00              | 54.24            |
| 7           | 27.00              | 52.78            |
| 6           | 26.00              | 51.39            |
| 5           | 25.00              | 49.92            |
| 4           | 24.00              | 48.58            |
| 3           | 23.00              | 47.22            |
| 2           | 22.00              | 45.79            |
| 1           | 21.00              | 44.36            |
| A           | 20.00              | 26.79            |

***\*MINIMUM RATES SHALL BE INCREASED BY COLA INCREASES GOING FORWARD***