

# Future Trends in Employment and Labor Relations

Illinois Financial Forecast Forum

January 16, 2025

CLARK BAIRD SMITH LLP

— ATTORNEYS AT LAW —

**Presented by:**  
**Benjamin E. Gehrt**

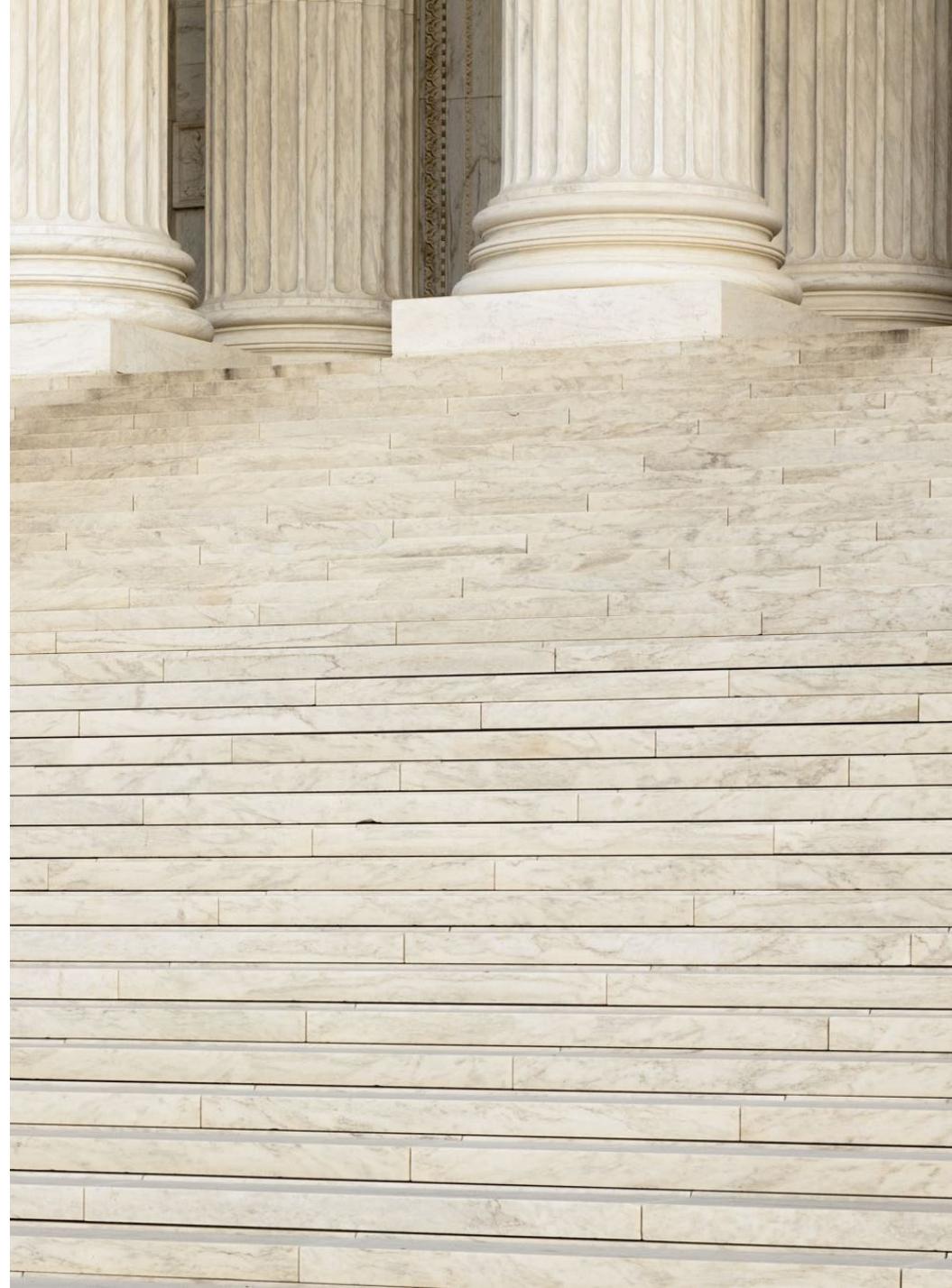
# 2024 Major Headlines

- The Economy is strong—a recession appears less likely now than it did a year ago
- The Fed slashed interest rates by half a percentage point in September 2024. First interest rate cut since early days of COVID pandemic.
- Unemployment remains low—making it hard to find good employees
- Inflation has declined since last year, finally moving below 3%.
- Illinois public sector settlements are often lower than national trends
- Renegotiation of successor CBA's largely focuses on wages and time off, driven in part by hiring and retention considerations, & employee work-life balance issues
- The dramatic recent increase in strike activity in the private sector last year has generally *not* translated to the public sector, excluding the education sector
- Union organizing remains strong, with a sympathetic Boards at the state and federal level
- The Outcome of the Presidential Election will significantly impact labor relations in the future



# Impact of Supreme Court *Loper Bright* Decision

- Overturned the Chevron Doctrine in 6-3 Decision issued on June 28th
- Under Chevron, agency regulations reasonably interpreting ambiguous federal laws were given significant deference. Most challenges (75%) to agency interpretations were overruled
- In *Loper Bright*, the Supreme Court said the courts, not federal agencies, should have the final say in interpreting ambiguous federal statutes
- *Agency Deference is over!* May impact DOL's rules on exempt status under FLSA, FTC non-compete restrictions, EEOC regs under Pregnant Workers Fairness Act and more!
- What is the status of *Heitmann* under *Loper Bright*?



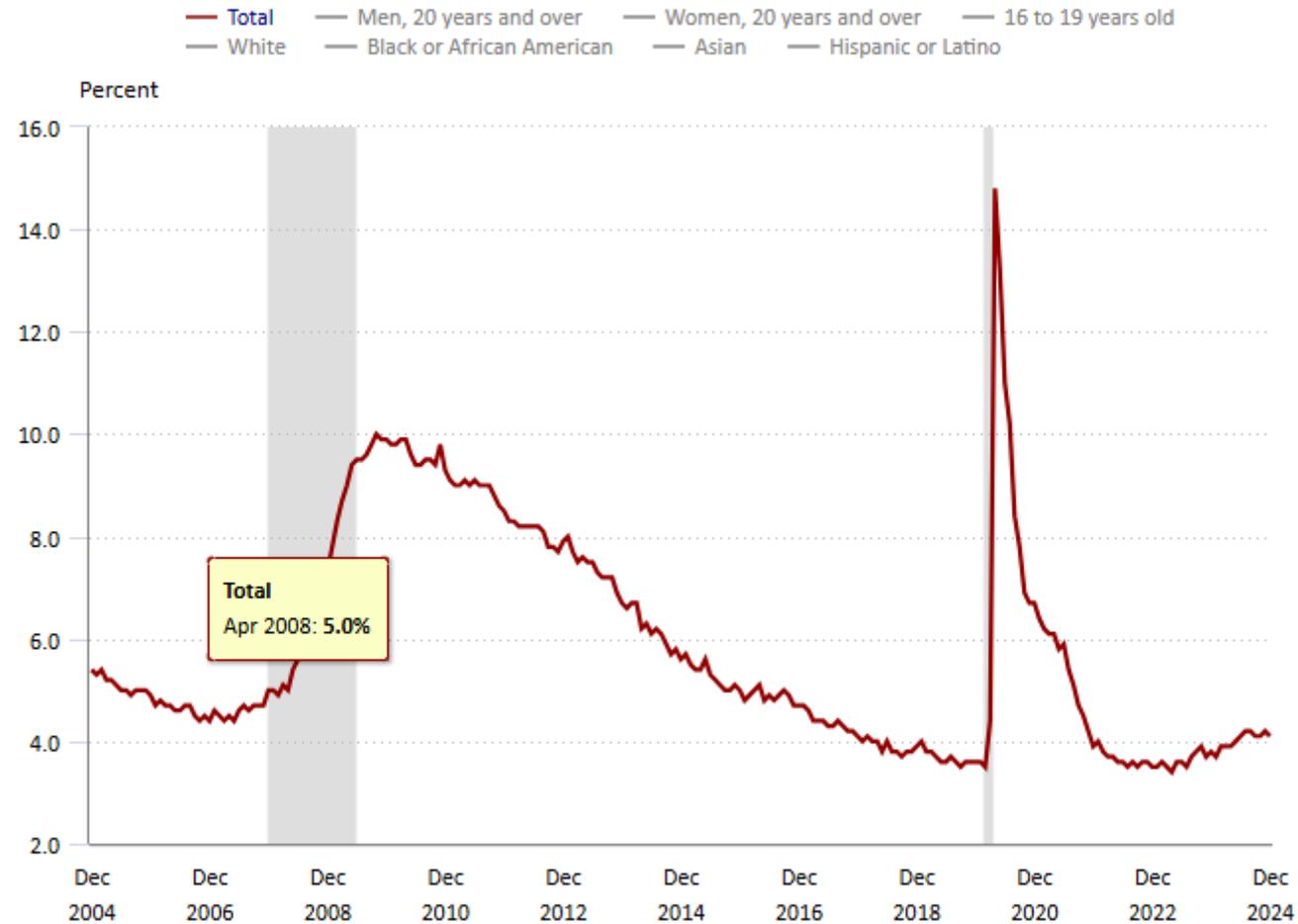


# **U.S. adds 256,000 jobs, as Biden leaves Trump with a sturdy labor market**

The job market cooled down in 2024, but the year saw a burst in hiring in its last two months.

### Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods



Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research. Persons whose ethnicity is identified as Hispanic or Latino may be of any race.



## Leading Economic Indicators

### Unemployment Rate 4.1%

- December 2024: 6.9 MM unemployed
  - December 2023: 3.8%, and 6.3 MM unemployed
- 0.9 unemployed job seekers per job opening
  - 0.7 seekers/opening Dec. 2023
- Illinois Unemployment Rate 5.3%, up from 4.7% in 2023

Bureau of Labor Statistics

LOCAL NEWS

# Law enforcement agencies face recruiting challenges as public interest drops

KCAL  
NEWS

By Danielle Radin

Updated on: March 7, 2024 / 4:39 PM PST / KCAL News

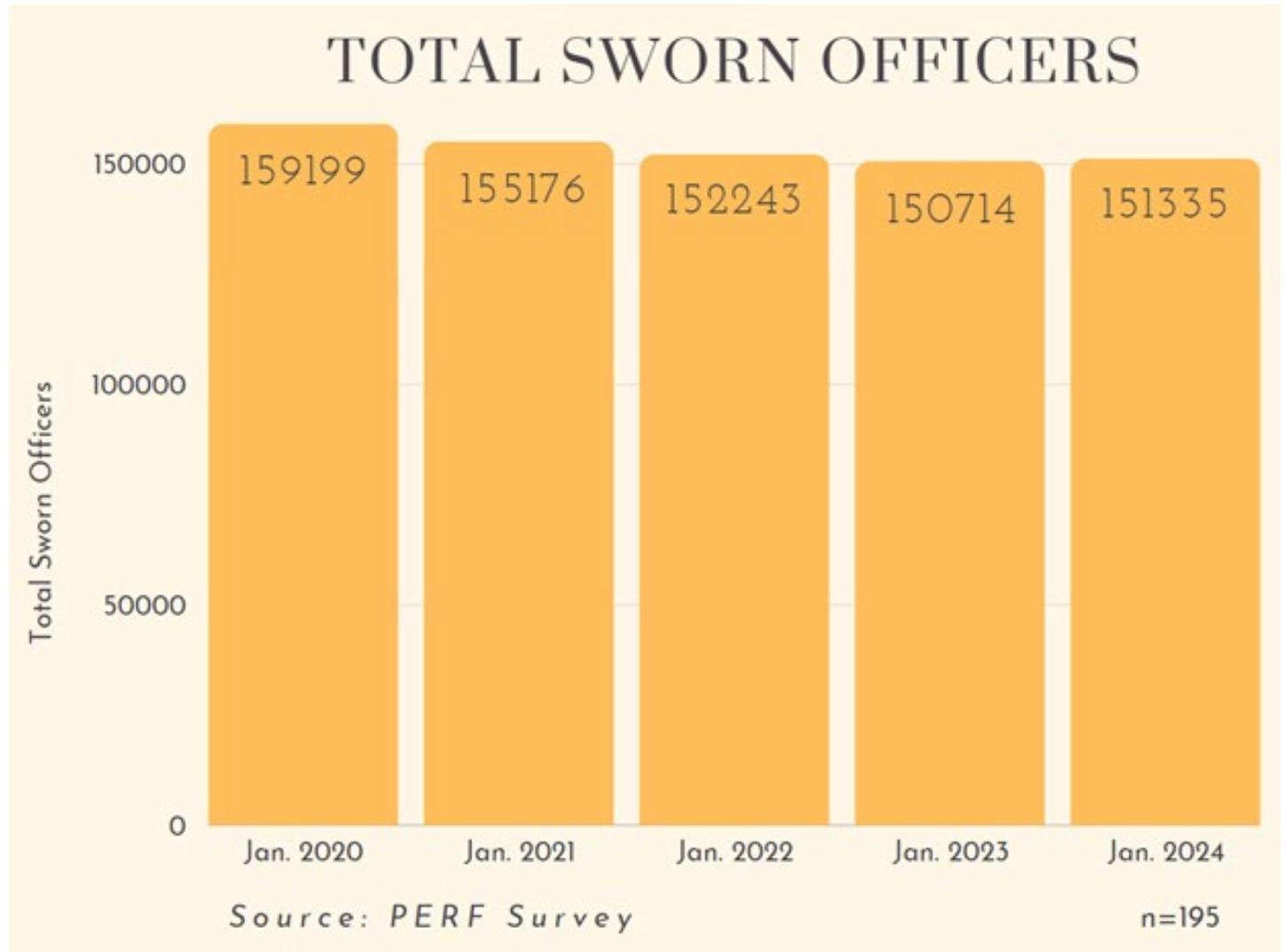


# **With Police Departments Facing a Hiring Crisis, Some Policies Are Being Loosened to Find More Cadets**

The Philadelphia Police Department is seeing success in more recruits passing the entry physical fitness exam thanks to a new law that changed the standards

Associated Press, March 22, 2024

# Public Safety Hiring Challenges Continue



# Recruiting & Retaining Public Employee Firefighters and Paramedics Task Force



The State of Illinois put together a Task Force to identify solutions to the shortage of eligible applicants for Firefighter/Paramedic positions, and steps that the State can take to help local governments recruit and retain firefighters/paramedics.



Task force was to submit its final report no later than January 1, 2024.



One idea resulting from the Task Force: lower the hiring age from 21 to 18

# Non-Paramedic Firefighters

- Points to consider
  - Marketplace concerns of requiring a paramedic license for entry
  - Or obtaining as a condition or completing probation
  - Wage scales for non-paramedics
  - Time off or pay for training

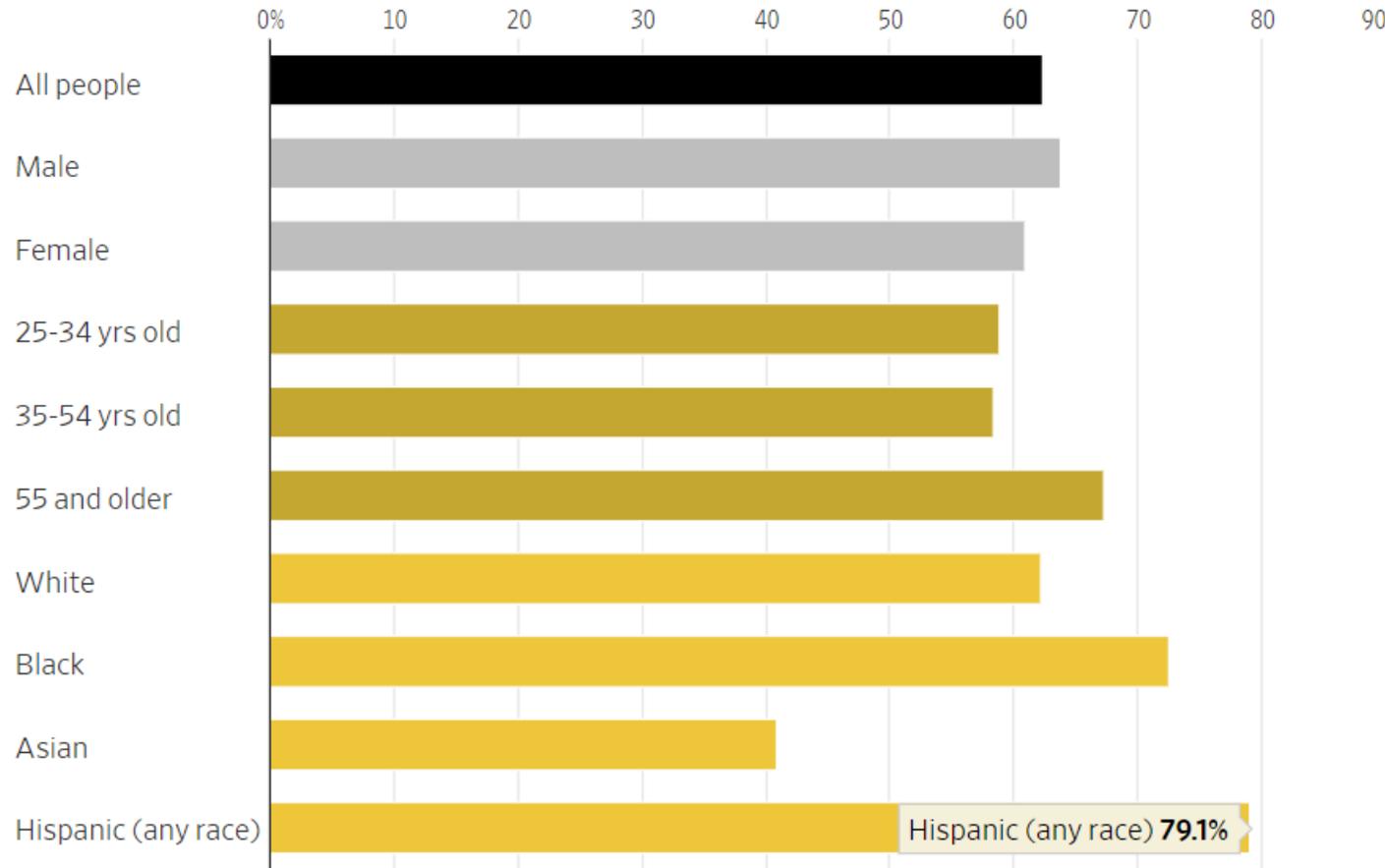


# Hiring Challenges

---

- Some employers have lessened hiring standards
- Some States Have Removed Pre-Employment Marijuana Testing for Many Government Jobs, including Michigan, New York & California
- Criteria for Selection of new employees is a permissive subject of bargaining.
- Some Employers Have Dropped College Degree Requirements
  - Over the past few years, major employers such as Medtronic, IBM, Delta, Google, Walmart and General Motors have eliminated degree requirements from hundreds of their job postings. They are among the early members of a **movement known as skills-based hiring** where employers evaluate job candidates on their skills rather than their education.
  - Pilots at DELTA airlines are no longer required to have a degree. And the airlines director of pilot outreach said, “there's no trend that shows anyone with a college degree doing better than anyone without a degree in any of our assessments.” *WSJ 2/17/24*

Percentage of U.S. population over age 25 without a bachelor's degree



Source: U.S. Census Bureau, Current Population Survey, 2022

2/3 of the US population over 25 lacks a college degree. That creates difficulty when hiring for managerial and technical positions with advanced degree requirements.

# Creative Hiring Strategies We've Seen

- Continuous police/fire testing while hiring lists were already in place.
- Lowering hiring standards
  - Drug testing changes
  - Degree or certification requirements
  - Looked past background check concerns
- Providing laterals with greater time off benefits upon hire
- Hiring and Retention Bonuses
- Offering Employee Referral fees

10:03 5G 52

 Gurnee Police Depart... · Follow · 4d · 

Be Yourself - Serve with Pride

Do you have visible tattoos? No problem! The Gurnee Police Department embraces individuality and values the unique perspectives each officer brings to our team. Come as you are and serve with pride.

Application and testing deadline is Monday, November 25th

Learn about what we can offer you:  
<https://www.gurnee.il.us/government/departments/police-department/police-recruitment>

#BeYourself #PrideInUniform #JoinOurTeam #firstresponders



  231 10 comments 16 shares

# Less Work for More Money?

---

- “Roughly half of the American workers say they would be willing to take a 20% pay cut if it let them better prioritize their quality of life, according to a 2023 survey commissioned by Ford Motor Company,” as quoted in the *WSJ*. The same report noted:
- Americans quit their jobs at a relatively high rate in the last few years, with many choosing less work for less money.
- Of job switchers whose pay fell between 2020-2022, 42% reportedly said they opted for better work-life balance, work they are more interested in or employers that better embody their values, citing a research paper by federal economists.
- And some workers recently cited the availability of subsidized on-site child care as a key factor, which more employers are offering. (*WSJ* 4/8/24)

# The Cost of Living Factor—Slow Downward Trend

---

## **CPI Report (Dec. 11, 2024)**

- The CPI-U increased in November by 0.2%.
- Over the last 12 months, the all-items index increased **2.7%**, before seasonal adjustment
  - Down from 3.4% for the 12 months ending in April
- The Index for all items less food and energy increased 0.3% in December, or **3.3%** over the last 12 months

## **New CPI Data Released Jan. 15, 2025:**

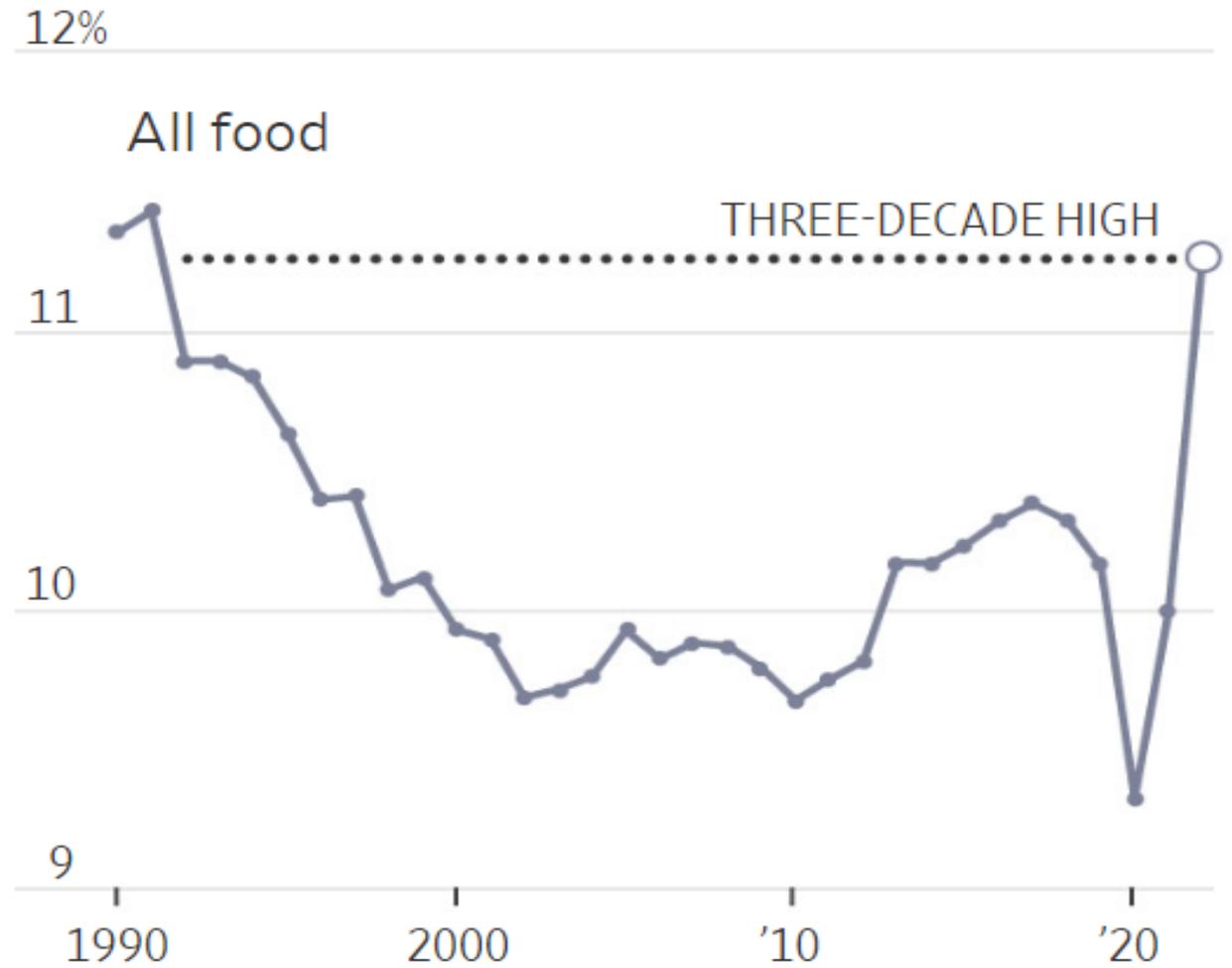
### **PCE—personal consumption expenditures (Dec. 20, 2024)**

- Consumer prices rose 0.1% in November, putting the index up 2.4% from a year earlier.

# 11.2% of disposable income spent on food in 2023

(USDA, June 27, 2024)

## Food spending's share of disposable income



Source: Agriculture Department

# Wage Settlement Trends



# Wage Settlement Trends

## Federal Sector

- President Biden finalized a 5.2% federal pay raise for many civilian employees for 2024
  - An average 5.2% pay increase marks the largest authorized for federal workers since the Carter administration adopted a 9.1% average raise in 1980, as well as a 0.6% increase over last year's raise of 4.6%, which itself marked a 20-year high.
- 2.0% pay raise approved for 2025.
- Will these increases survive the DOGE plan?



## NATIONAL FIRST YEAR NEGOTIATED WAGE INCREASES – STATE AND LOCAL GOVT. EMPLOYEES (W/O LUMP SUMS)

<b>YEAR</b>	<b>WEIGHTED AVERAGE</b>	<b>AVERAGE</b>	<b>MEDIAN</b>
2014	2.2%	1.8%	2.0%
2015	2.8%	2.2%	2.0%
2016	2.3%	2.4%	2.3%
2017	2.2%	2.1%	2.0%
2018	2.6%	2.8%	2.3%
2019	2.9%	2.8%	2.6%
2020	2.4%	2.8%	2.8%
2021	3.8%	2.8%	2.5%
2022	3.2%	3.6%	3.0%
YTD 2023	6.4%	6.7%	5.4%
YTD 2024	7.6%	6.5%	5.2%

# 2024 National First Year Negotiated Wage Increases (w/o lump sums) State and Local Govt. vs. All Employees Less Construction & Govt.

	State and Local Government	All Other Employees	Difference
Weighted Avg.	5.4%	8.8%	-3.4%
Average	5.6%	7.0%	-2.4%
Median	4.5%	5.8%	-1.3%

# Employment Cost Index

## 12 months Ending September 2024

	Private Sector	State and Local Government
Total Compensation	3.6%	4.7%
Salaries	3.8%	4.6%
Benefits	3.3%	4.8%

The **Employment Cost Index (ECI)** measures the change in the hourly labor cost to employers over time. The ECI uses a fixed “basket” of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.

*BLS Oct. 31, 2024 ECI Cost Index Report (next report released 1/31/25)*

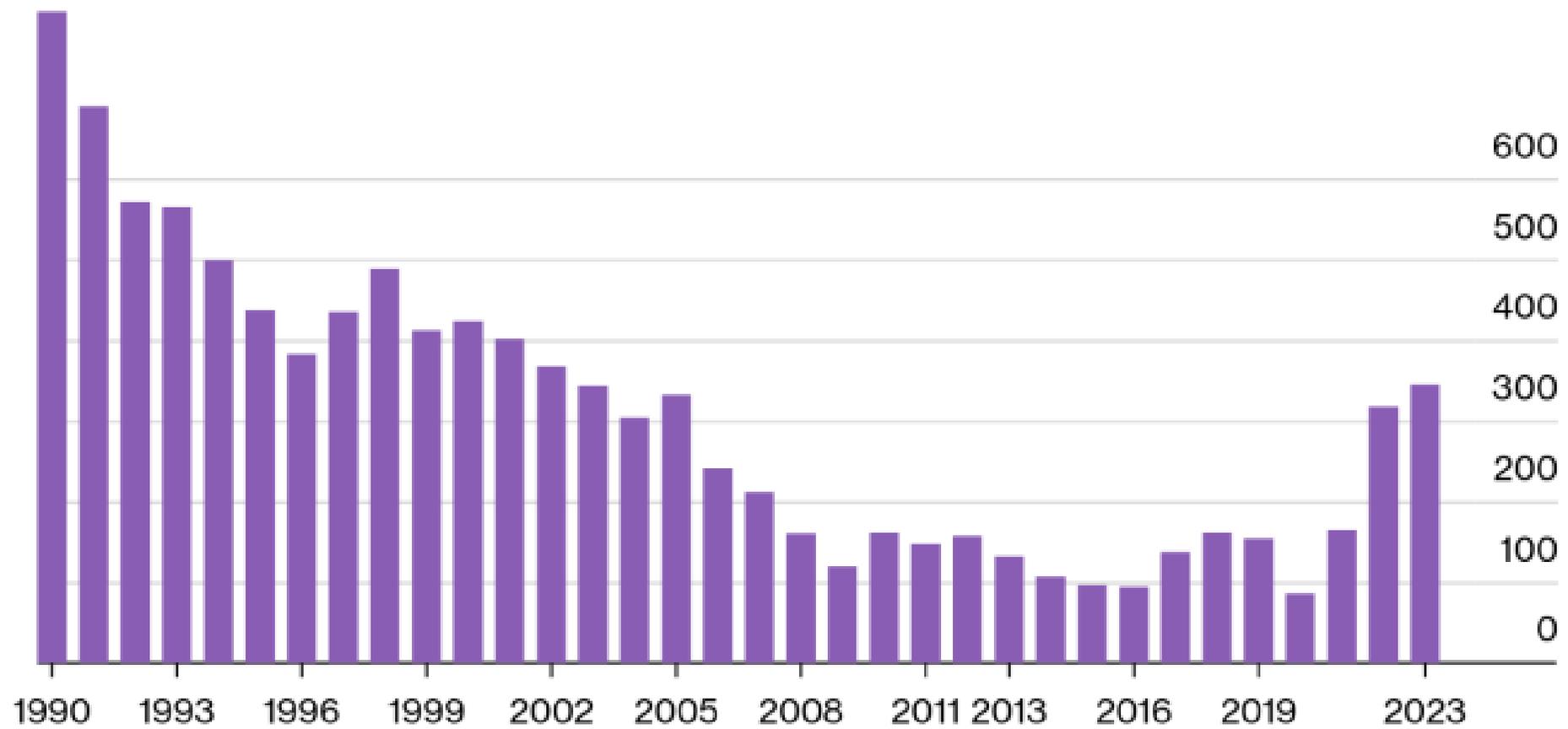


# **What Are We Seeing Across The Table in Illinois**

---



## Total Strikes Called by Unions, 1990–2023



Source: Bloomberg Law labor data

Note: Totals include strike/lockout events initiated by unions.

Bloomberg Law

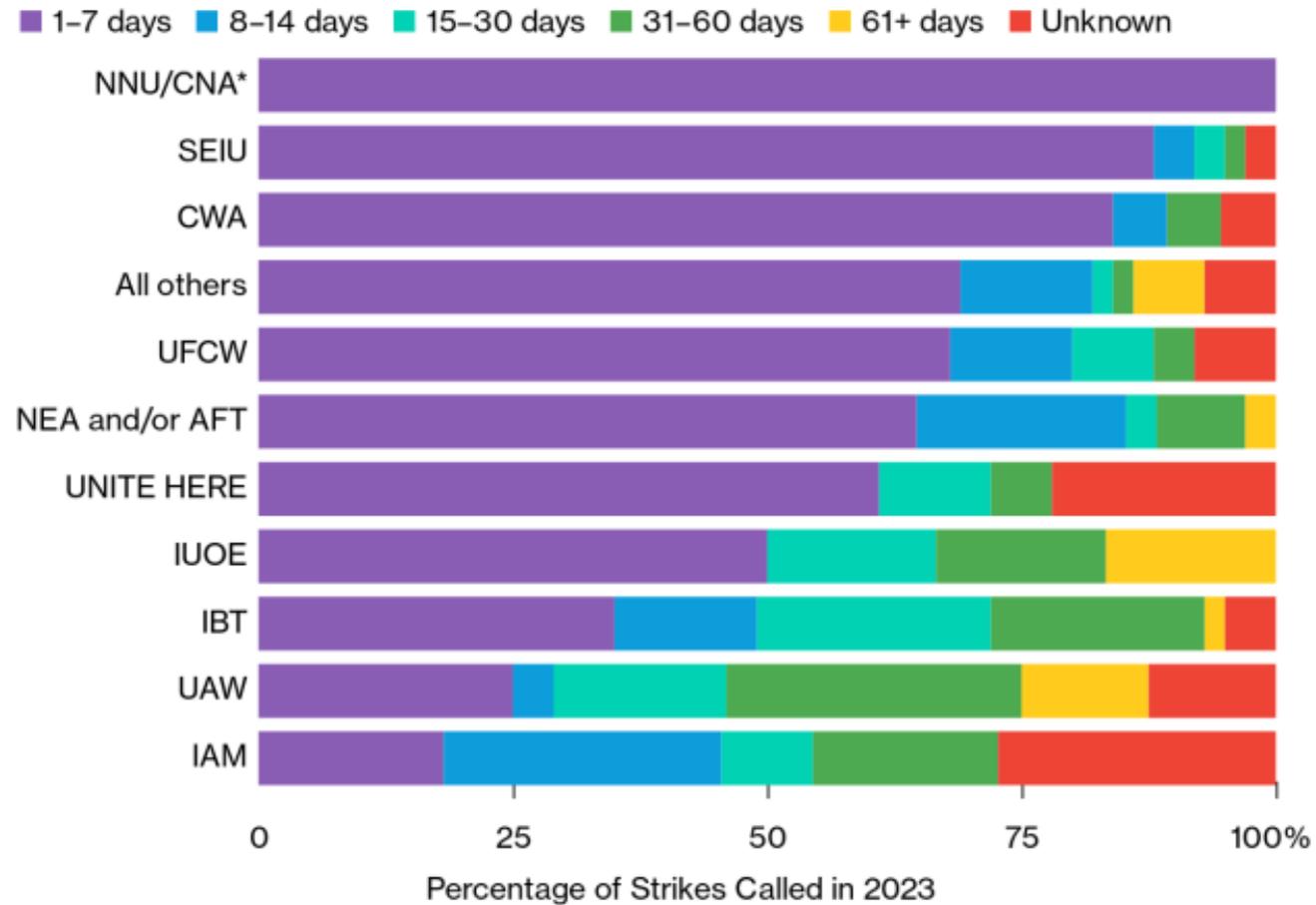


# Organized Labor's Increase in Strike Activity

- Dockworkers Tentative Agreement reached on 1/8/2025. Details not yet released, but reportedly includes provisions to protect jobs while allowing ports to modernize with new technology
- UIC Nurses struck twice in August and November 2024 before reaching a TA.
- U of I Food Service Workers Strike. 6-day strike ended, workers received wage increases of \$1/\$0.90/\$0.85 in each of three years + signing bonus and no layoff promise.
- Boeing's Strike lasted ~1.5 months. Ended with a 38% pay raise over 4 years. Pension plan not restored, but 401k matches increased.



## Durations of Strikes Initiated by Top 10 Unions, 2023



Source: Bloomberg Law labor data

\*Figures for NNU/CNA include state and other affiliate unions.

Bloomberg Law

# The BLS Union Members Summary

- The union membership rate, the percent of wage and salary workers who were members of unions, was 10.0% in 2023. That was little changed from the prior year. The number of wage and salary workers belonging to unions stands at 14.4 million. In 1983, by contrast, the first year for which comparable data was available, the union membership rate was 20.1% and there were 17.7 million workers.
- The union membership rate of public sector workers is 32.5%, five times higher than the rate of private sector workers at 6.0%.
- In 2023, 7 million employees in the public sector belonged to unions, compared with 7.4 million workers in the private sector.
- The union membership rate continued to be highest in local government at 38.4%.



## Responding to High Wage Demands at the Table Based Upon Inflation



- Inflation is trending lower
- Cost of living is just one factor
- If prior wage increases outpaced low inflation, show that
- Cite recent wage settlement trends, often well below the CPI
- Be strategic about when and how to use the comps
- Use the union's own data against them
- Be patient
- Be creative

# On The Horizon



# Recent Police Union AI Proposal

- **Section \_\_ Use of Predictive Models, Artificial Intelligence, and Algorithms for Monitoring.** The Employer agrees not to implement, utilize, or rely upon any **predictive models, artificial intelligence, or other algorithmic systems for the purpose of monitoring police officers**, including but not limited to analyzing videos from body cameras, dashboard cameras, or similar devices, without first engaging in bargaining with the Union. This includes but is not limited to, systems used for predicting officer behavior, assessing performance, determining assignments, or any other employment-related decisions. Any proposed use of such systems must be presented to the Union in writing, with sufficient detail to allow for a full understanding of the system's capabilities, data sources, decision-making processes, and potential impacts on officers. The Union shall have the right to negotiate over the proposed use of such systems, including the right to request modifications, safeguards, or other measures to protect the rights and interests of the officers before implementation.

# Surveillance—A Recent Union Proposal

- **Section \_\_ Surveillance of Employees** If the Employer is in possession or control of relevant surveillance (video, photographic, audio, GPS, or other recorded surveillance) of an employee, prior to the employee submitting to Interrogation regarding the subject matter observed in the surveillance, the Employer will give the employee notice of the existence of said surveillance material(s). The Employer's notice will be included along with other information required in the written notice required by the Uniform Peace Officers' Disciplinary Act. The Employer will allow the employee and Union a reasonable opportunity to observe the surveillance materials prior to the employee's Interrogation. An admission or confession obtained from an Interrogation where such notice and opportunity to view were not provided is inadmissible in a disciplinary hearing; the admissibility of the actual surveillance evidence will be left to the trier of fact.

# Kentucky

## ***Lexington-Fayette Urban County Government v. FOP Lodge #4 (Ky. S. Ct.)***

- Are no-knock warrants a mandatory subject of bargaining?





**Questions?  
Contact Us**

- [www.cbslawyers.com](http://www.cbslawyers.com)
- [bgehrt@CBSLawyers.com](mailto:bgehrt@CBSLawyers.com)
- (847) 378-7708