

# Lunch and Learn

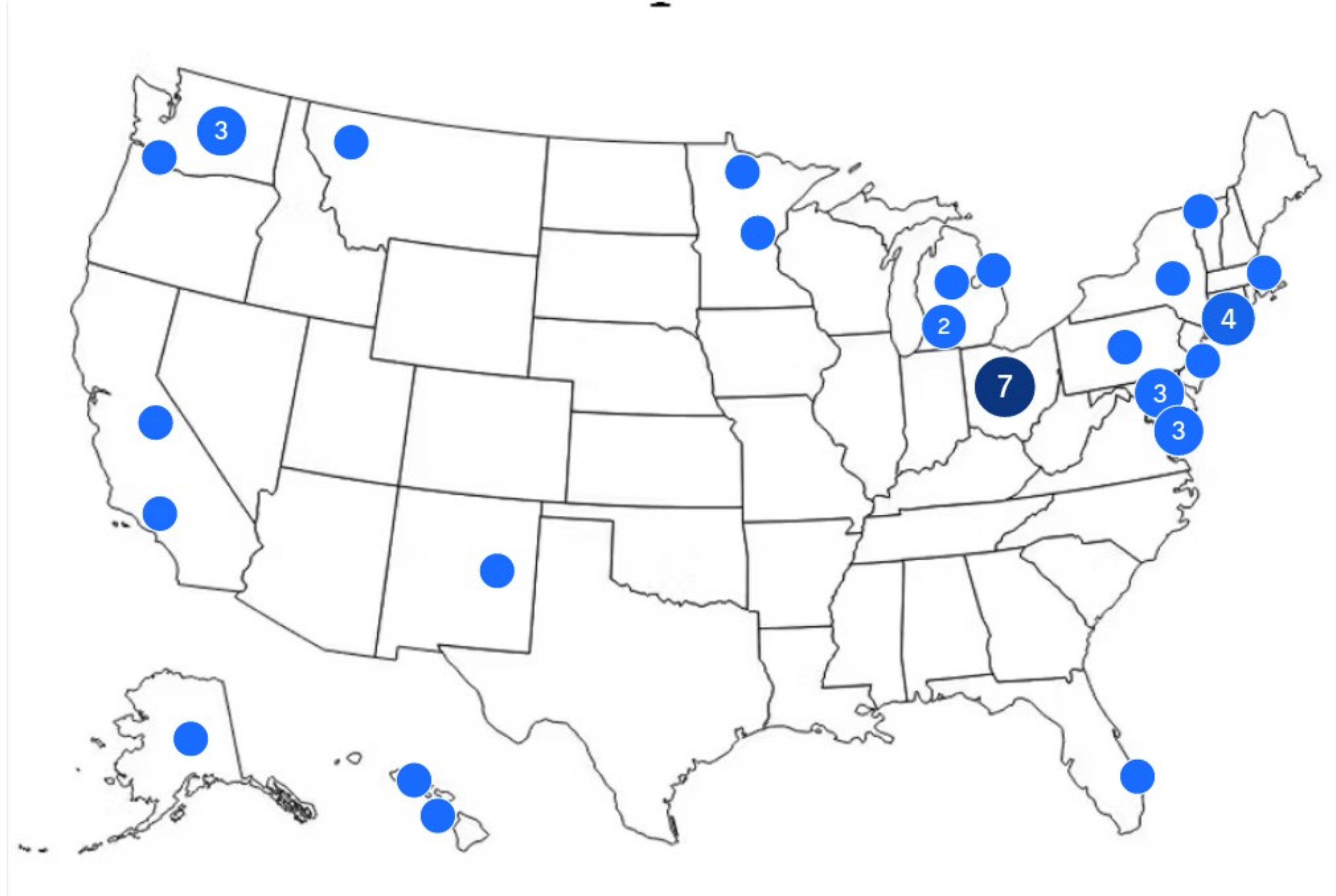
## *Inflation*

Research and Collective Bargaining  
Services Department

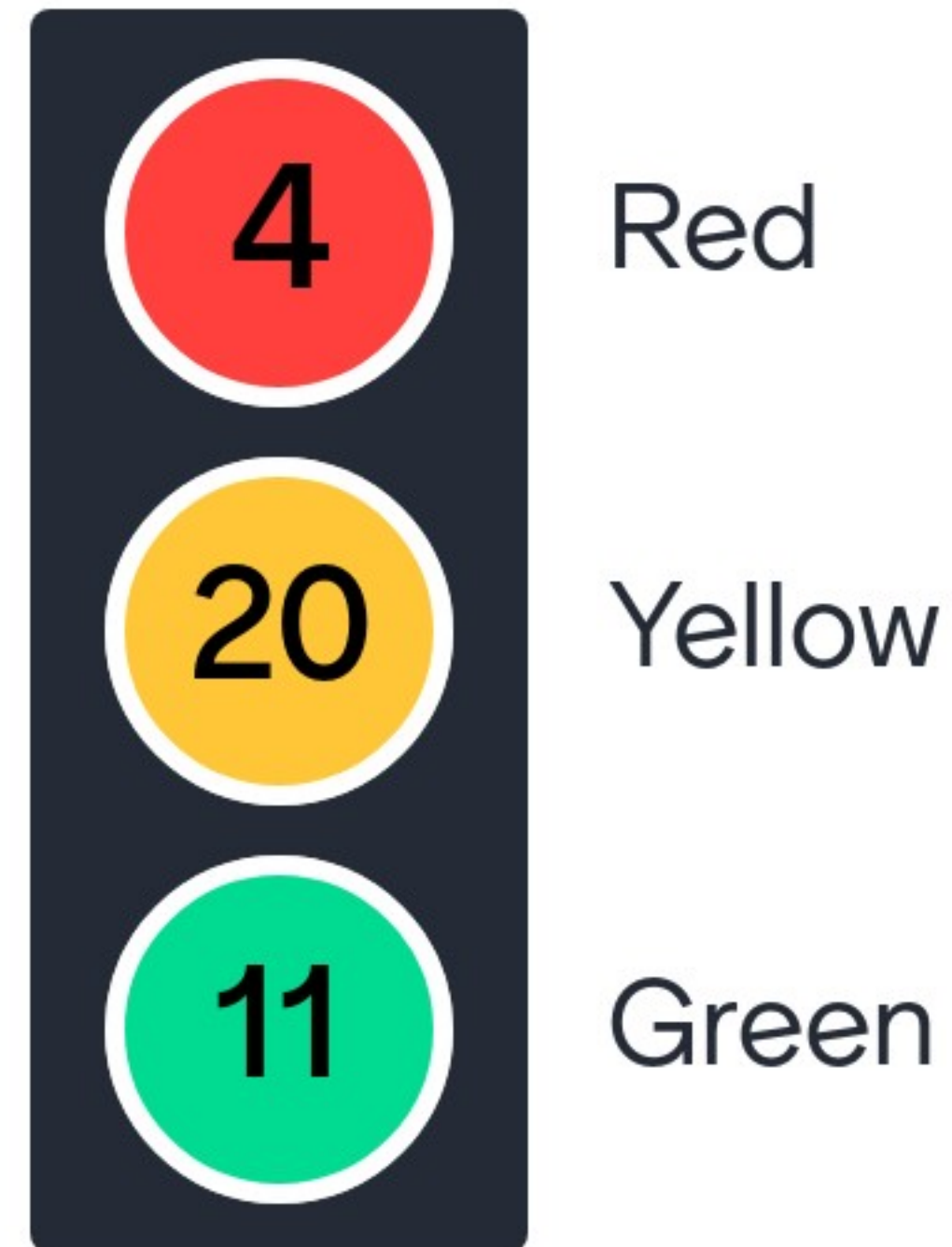


ABOUT

# Where are you joining from?



How comfortable are you with explaining inflation and its effects to your bargaining teams?



# What is Inflation?

# Main Tool for Measurement for Collective Bargaining: Consumer Price Index

## What is CPI?

A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

## What is included?

Food and beverage, Housing, Apparel, Transportation, Medical Care, Recreation, Education and communication, Other goods and services

## How is it calculated?

Prices for the goods and services used to calculate the CPI are collected in 75 urban areas throughout the country and from about 23,000 retail and service establishments.

Data on rents are collected from about 50,000 landlords or tenants.

# One year of the war in Ukraine leaves lasting scars on the global economy

Source: United Nations

## ECONOMIC BULLETIN

Tight Labor Markets Have Been a Key Contributor to High Food Inflation

Source: Federal Reserve Bank of Kansas City

Why Did Inflation Spike?

## Why Is Inflation So Sticky? It Could Be Corporate Profits

Some companies might have been raising prices faster than their costs have increased

Source: The Wall Street Journal

STATE OF FREIGHT

## There's a new inflation warning for consumers coming from the supply chain

PUBLISHED MON, FEB 13 2023-8:19 AM EST | UPDATED THU, FEB 16 2023-10:04 AM EST

Source: CNBC

# Inflation and Bargaining

CPI Indexes can calculate the loss of purchasing power for AFSCME members and can be used in various ways:

- Justify Wage Increases
- Special Bonuses
- Cost of Living Adjustments
- Arbitrations
- Contract language accounting for inflation (escalation clause)

# CPI and Wage Study Walkthrough

1.) Define Base Period.

2.) Download CPI Index.

3.) Calculate the rate of change from the BLS index and apply it to your own index.

4.) Find the rate of change between your base year and last year of data.

5.) Compare the compounded percent wage increase.

# Recent Example

1                      2                      3                      4

CPI-U Release Date	<a href="#">CPI-U; Urban Alaska</a>	Feb 2020 = 100	% Wage increase
2/1/2020	226.51	100	
4/1/2020	222.909	98.410	
6/1/2020	225.245	99.442	
8/1/2020	226.984	100.209	
10/1/2020	228.343	100.809	
12/1/2020	227.259	100.331	
2/1/2021	229.478	101.310	
4/1/2021	233.519	103.094	
6/1/2021	239.296	105.645	
8/1/2021	239.899	105.911	3% raise July 1, 2021
10/1/2021	242.708	107.151	
12/1/2021	243.568	107.531	
2/1/2022	246.369	108.767	
4/1/2022	251.041	110.830	
6/1/2022	268.916	118.721	
8/1/2022	258.149	113.968	3% raise July 1, 2022
10/1/2022	261.093	115.268	
12/1/2022	256.634	113.299	
Rate of Inflation for Urban Alaska: Feb 1, 2020 - Dec. 1, 2022 --->		13.30%	<--- total raises compounded over two years 6.09%

- ▶ Feb 1, 2020, was the beginning contract date
- ▶ Create an Index:
  - ▶  $(222.909/226.51)*100 = 98.410$
- ▶ Inflation rate:
  - ▶  $((113.299-100)/100)*100 = 13.3\%$
- ▶ Compounded Wage Increase:
  - ▶  $((1.03^2)-1)*100 = 6.09\%$

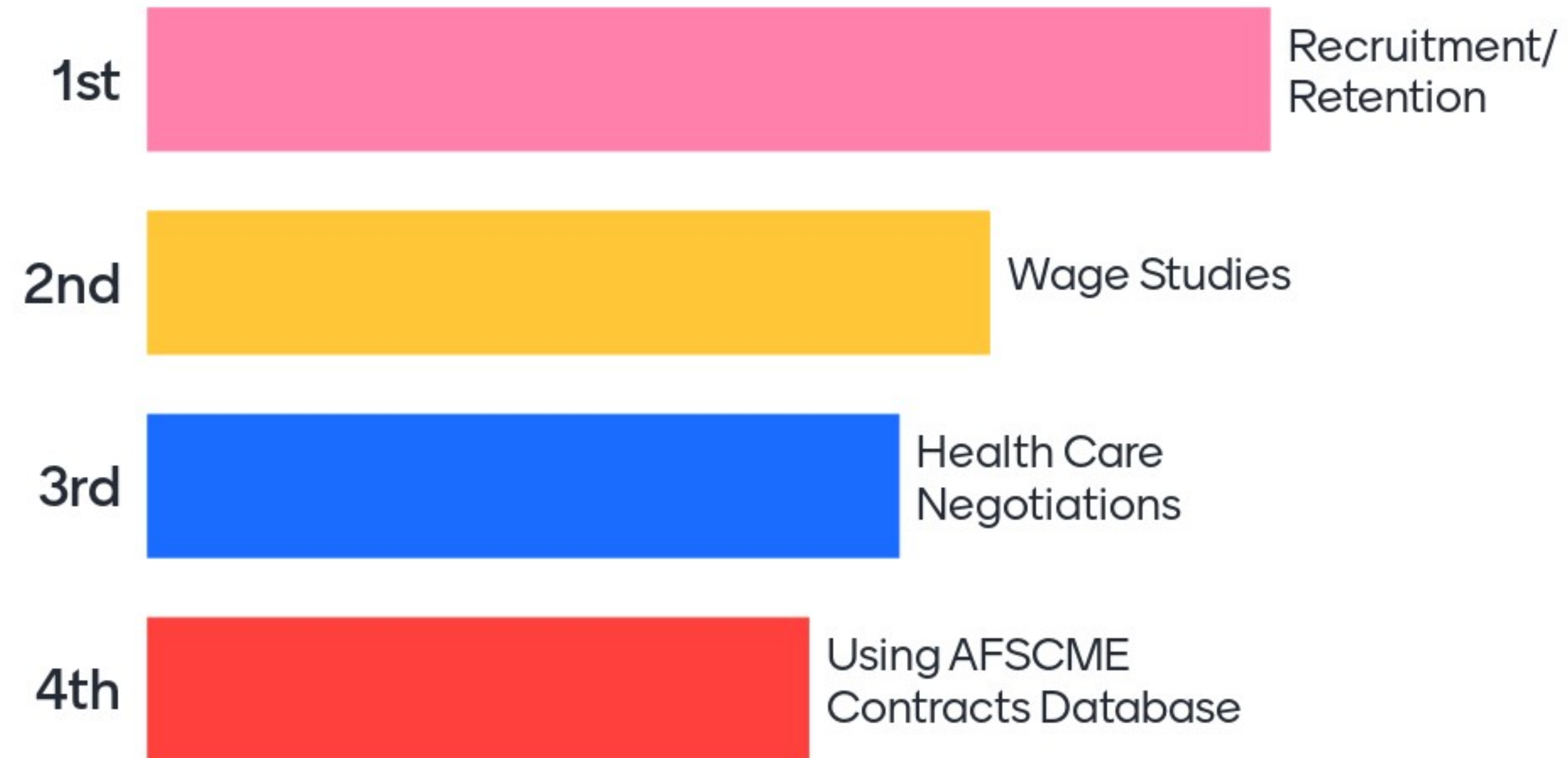
# Ask Sisto anything about inflation

10 questions  
0 upvotes

How have you used inflation at the bargaining table or during arbitration?



# Which upcoming topics are you most interested in learning more about?



## Suggested Topics? 17 Answers

Negotiating telework

Using the BLS specifically for private sector wages studies.

Examples of the kind the sister from CSEA mentioned re/ inflation protection language.

Offensive bargaining, building health trusts at councils/locals, interest arbitration

what makes good contract language/ tips for formulating contract language

Impacts of AI

Pattern Bargaining Strategies

Inflation and Unemployment rate

Fighting employer's trending towards part-timers

# Suggested Topics? 17 Answers

Building a local for Staff Reps that are not Rank and File.

Controlling health insurance costs

Filling Vacancies

Wage compression

Organizing in a hybrid or virtual workplace

4 day workweek

Stemming Legislative Efforts To Hinder Organized Labor

How to increase membership attendance at Union Meetings

**Thank  
you!**

