

Cost Savings Agreement

1. In recognition of the ongoing fiscal crisis facing the State of Illinois, the parties agree to work together to identify ways in which the state can achieve substantial and meaningful budgetary savings. The State of Illinois and AFSCME hereby jointly adopt a goal of identifying budgetary savings of \$100 million.
2. The parties agree that at least \$10 million in savings shall be achieved through the reduction in the use of overtime, expansion of the voluntary furlough program, and by in-sourcing work that can be provided more economically if performed by state employees.
3. In addition, the parties agree that there shall be no temporary or indeterminate layoffs through the end of FY2012 (June 30, 2012) nor shall the state close any facilities provided that the parties succeed in identifying at least \$50 million in savings, including the \$10 million savings credited herein pursuant to paragraph 2 above. The additional \$40 million may be achieved in a number of ways, including but not limited to the following:
  - a. Savings in the State Employee Group Insurance Program in addition to the \$70 million already identified pursuant to the Memorandum entered into by the parties on September 13, 2010;
  - b. Savings pursuant to paragraph 2 in excess of \$10 million;
  - c. Cost-savings in agency operations, purchasing, and related matters agreed to by the parties;
  - d. Modifications to the terms and conditions of employment
4. The parties agree that a tentative agreement shall be reached no later than October 31, 2010 that identifies at least \$50 million in cost savings pursuant to paragraph 3 above.
5. This agreement shall remain in full force and effect until July 1, 2012
6. Arbitrator Benn shall be retained to decide any disputes relative to this agreement. His decisions shall be final and binding on both parties. Nothing herein precludes Arbitrator Benn from attempting to mediate any dispute(s) prior to conducting a hearing and rendering a decision.

Henry Bayer  
For AFSCME Council 31  
9/24/10  
Date

[Signature]  
For the State of Illinois  
9-24-10  
Date