

FF 11/9/92

LABOR AND INDUSTRIAL  
RELATIONS COLLECTION

Michigan State University

STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION

In the Matter of

CALHOUN COUNTY ROAD COMMISSION,

Respondent

MERC Case No. L91 A-0026

-and-

TEAMSTERS STATE, COUNTY AND  
MUNICIPAL WORKERS, LOCAL 214,

Petitioner

STATE OF MICHIGAN  
BUREAU OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

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FACT FINDER'S FINDINGS OF FACT,  
REPORT AND RECOMMENDATIONS

APPEARANCES:

FOR TEAMSTERS LOCAL 214:

FOR CALHOUN COUNTY ROAD  
COMMISSION:

Henry J. Mueller, Business Agent  
Edward J. Weiss, Steward  
Michael Hackworth, Steward  
Steve Sears, Steward

Darrel D. Jacobs, Attorney  
Dennis A. Randolph, Engineer/  
Manager

The Calhoun County Road Commission and Teamsters, State, County and Municipal Employees and its Local 214, have had a series of successive Collective Bargaining Agreements covering approximately 40 employees in a non-supervisory unit. The most recent Collective Bargaining Agreement expired on April 1, 1991.

The parties have engaged in bargaining in an attempt to reach a successor Agreement, including engaging in two sessions with a State Mediator.

On July 17, 1992, Local 214 petitioned for fact finding, stating that the issues in dispute were:

1. Wages (including retroactive)

Calhoun County Road Commission

George T. Roumell, Jr.

11/9/92

2. Health Insurance (whether we'll be involved in co-pay on existing health care insurance)

The bargaining history has been most difficult, exacerbated by both a major reorganization of the Road Commission and the layoff of 12 bargaining unit members. Subsequently, the 12 employees were recalled.

The backdrop to the negotiation difficulty was the fact that the Calhoun County Road Commission relies primarily on funding from the Michigan Transportation Fund pursuant to Public Act 51. The funds are financed through State fuel taxes. Because of the economy, Michigan has experienced a drop in fuel taxes, coupled with the fact that motor vehicles are now using less fuel because of fuel efficiency.

#### HEALTH CARE INSURANCE

Accentuating the financial situation was the fact that the Calhoun County Road Commission was offering a health insurance plan underwritten by the Aetna Insurance Company. This plan represented accelerating costs to the point that the current premiums for said plan, as proposed by Aetna, including dental and optical care, would be \$747.63 per month for a family plan, or a yearly premium of \$8,971.56. This is to be compared to the Blue Cross/Blue Shield plan that was unilaterally adopted by the Commission at a monthly cost of \$450.12 for an annual cost of \$5,401.44, or a difference from Aetna of \$3,570.12 per annum.

The parties are in dispute as to who was responsible in continuing the Aetna program. Local 214 maintains that it had "pleaded" with the Commission for several years to change carriers because of the escalating cost of the Aetna plan. The

Commission maintains that it was prevented from making the change because of resistance from Local 214.

Regardless of this dispute, the fact is that on March 25, 1992, counsel for the Commission advised Local 214 that it contemplated changing the carrier from Aetna to Blue Cross/Blue Shield. This occurred effective May 1, 1992.

As a result, Local 214 brought an unfair labor practice challenging the unilateral change of carriers without bargaining to impasse on the issue with Local 214. The matter, Case No. C93 E95, was apparently set for hearing on December 1, 1992 before an Administrative Law Judge of the Michigan Employment Relations Commission.

This is the background of the health care issue. The Commission by its actions in changing carriers was recognizing that it was necessary to contain its health care costs. Even with the change of carriers with the resulting modulation of the premiums, the Commission represents that it expects, based on general experience in the Southwest and Mid-Michigan, that even with Blue Cross/Blue Shield, the premiums will rise as high as 20% or more per year. The Commission therefore argues that it must contain costs.

As a result, the Commission had proposed at the bargaining table that "the unfair labor practice be dropped; that the Commission continue with the Blue Cross/Blue Shield plan now in effect; that the Commission has the right to change carriers, providing that a similar plan to that in effect will be continued; that for the duration of the contract, it will pay the same health insurance premium for Blue Cross/Blue Shield that it was paying as of July 1, 1992. Future BC/BS premiums

over and above the July 1, 1992 premium to be paid by bargaining unit employees capped, at 10% of future wage increase with the Employer assuming all excess premium increases."

Local 214 repoded by stating that it is prepared to drop the unfair labor practice charge, keep the current Blue Cross/Blue Shield, provided that an agreement is reached on wages and provided that the employees not contribute to the cost of premiums during the life of the Agreement.

In arriving at recommendations, Fact Finders do consider cost as well as comparisons. At least one adjacent Road Commmission, the Kalamazoo County Road Commission, does provide that its employees do contribute toward health care premiums. This is some indication that the Road Commission's position has some merit.

On the other hand, Fact Finders also consider the bargaining history and the dynamics of the situation.

The Fact Finder conducted this hearing on November 4, 1992. At that time, as noted above, the parties were involved in an unfair labor practice over the change of insurance carriers with a hearing to commence on December 1, 1992. Obviously, there was a dispute about changing carriers. The recommendation here will be that the carriers be changed and that the change will be effective May 1, 1992 to Blue Cross/Blue Shield and that the unfair labor practice be dropped. The recommendation will also provide that the Commission may change to any carrier so long as a similar plan to that now in effect is continued.

Now what this means is that currently the Commission will experience a rate substantially lower, by at least \$3,500

per year, than the rate it would have paid with Aetna Insurance.

Having made this observation, however, this does not mean, as Local 214 maintains, that it should get the savings in wages. Wages stand by themselves, which will be explained below. What this does mean is that there had been a substantial change made by this recommendation designed to assist the Commission in containing health care costs. By doing so, Local 214 then will not be faced with a claim of astronomical health care costs as the reason to resist reasonable demands for reasonable wage increases. It is for this reason that at least in the first year of the Agreement, the employees should not contribute to health care premiums, despite the fact that at least one continuous Road Commission employees do so.

Nevertheless, the fact is that health care premiums will continue to rise. It is therefore reasonable to expect employees to share in some of this rise, even if modestly, recognizing that this is the case of the Kalamazoo County Road Commission. But because of the history and the change in carriers representing a dramatic change in costs, the contribution will be modest, but will recognize the principle that there should be some sharing.

The contract that will be recommended will commence November 4, 1992 and expire November 4, 1995, a three year contract. The recommendation as to cost sharing will be that if, as of January 1, 1994, the Road Commission is paying more premiums for health care costs than it was paying as of November 4, 1992, then the employees will contribute \$3.00 per month for a total of \$36.00 annually to the premium costs for the 1994 calendar year commencing January 1, 1994.

If by January 1, 1995 the premium costs for health care is higher than the cost paid by the Road Commission as of November 4, 1992, employees will pay \$5.00 per month toward health care cost premiums for a total of \$60.00 annually for the 1995 calendar year commencing January 1, 1995.

#### WAGES AND RETROACTIVITY

Building on the proposition that there has been a change in health care carriers with the concomitant reduction in premium costs, Local 214 is maintaining that its members should receive a substantial wage increase, suggesting increases as high as \$1.50 an hour for almost a 15% wage increase. In furtherance of this suggestion, Local 214 notes that its members have not received a wage increase since 1990.

Yet, there is a recession or economic slowdown that has affected government as well as the revenue sources of the Commission. Such a demand is not realistic. Both parties have recognized in their presentation to the Fact Finder that comparables are a factor in any recommendation that could be made.

The one comparable are the contiguous counties because wages, to some extent, are controlled by geographical considerations. The surrounding counties to Calhoun County are Kalamazoo County to the west, Jackson County to the east, Branch, Hillsdale and St. Joseph Counties to the south, Barry and Eaton Counties to the north. If comparisons are made with those counties, recognizing however that the comparison may not be quite exact because of the changing years, Calhoun County does pay more in most classifications than Barry, Hillsdale, Branch and St. Joseph. But as the Union points out, all these

counties are small counties receiving less monies from the State than Calhoun.

If Calhoun is compared with Jackson, Kalamazoo and Eaton, counties that seem to receive more funds, Calhoun's wages are above those of Kalamazoo, but below, for instance in light truck, Jackson by \$.27 and from Eaton by \$.51 when wages are compared for 1991.

Local 214 would suggest that the wage comparisons be made with such counties as St. Clair, Monroe, Muskegon, Livingston, Bay and Allegan, counties which it claims receive approximately the same funds from the State as does Calhoun. The problem with such comparisons is that, geographically, those counties are not near Calhoun.

There are different economic factors caused by regional differences. For example, Livingston is on the outer edge of Metropolitan Detroit and counties with economic resources such as Oakland and Wayne, as well as Washtenaw, which influences Livingston wages. Bay is near Saginaw and Genesee and influenced by what was once an important economic base, namely, the General Motors corridor.

The point the Fact Finder makes is that when compared with Jackson and Eaton, there is justification for a wage increase. The situation in Kalamazoo represents less wages. But when the averages between the three industrial counties, recognizing this may be stretching the point with Eaton (calling it industrial) are considered, along with what seems to be the pattern among road commissions in these difficult economic times, the wage package as recommended here would put Calhoun in a comparable position with surrounding industrial counties.

The Commission, although faced with economic difficulties as any other road commission, does expect some increased funding. The wages proposed are consistent with the increased funding, the County's current monetary posture, and is consistent, as already indicated, with general patterns of increases among road commissions.

The Commission should also recognize that it is now beginning to bring its fringe benefit costs down. The wages proposed here are consistent with the traditional ratio of total funds with payroll, and it brings labor harmony.

These recommendations recognize the economic needs of the employees represented by Local 214. They will receive a reasonable pay raise. They will be paid comparable with their colleagues in Kalamazoo, Eaton and Jackson, while recognizing that because of bargaining patterns, there may be differences between the three counties. But the fact is, whatever pattern of differences that have developed over the years will not be accentuated by these recommendations and will be consistent with this pattern, which is usually the end result of collective bargaining.

This brings up the issue of retroactivity. Local 214 acknowledges that there have been negotiations after the April 1, 1991 expiration date; that the contract in effect was extended. Local 214 asks that the retroactivity be June 1, 1992. The Commission resisted.

Usually, however, Fact Finders recognize that there should be retroactivity when a contract expires. Otherwise, public employers would be inviting strikes at the time of expiration. Strikes similarly occur in the private sector in



such situations.

During the course of fact finding, this Fact Finder noted the current bargaining history. At one time, both parties seemed to be in agreement that to resolve the retroactivity issue, there would be a so-called signing bonus, namely, upon ratification, a monetary figure in terms of a bonus would be given to each employee. The Employer offered at one time \$300. Local 214 maintains it should be \$500. The technique of giving a bonus avoids the bookkeeping of retroactivity and is a streamlined method of resolving the issue.

This Fact Finder will recommend that retroactivity be resolved by the bonus technique and it be resolved by giving each employee \$500 two weeks after the contract is both ratified and signed.

As to wages, this Fact Finder is recommending a three year contract with wages being effective January 1, 1993, January 1, 1994 and January 1, 1995, with the contract expiring on November 4, 1995. There are different classifications and different job groups based upon skill and duties. The wages that are recommended below recognize this. The recommended wages, consistent with comments in this report, are:

A. Effective January 1, 1993

	<u>Min.</u>	<u>Max.</u>
Job Group I	\$11.15	\$11.50
Job Group IA	\$11.15	\$11.50
Job Group II	\$10.85	\$11.10
Job Group III	\$10.80	\$11.00
Job Group IV	\$ 5.80	\$ 7.00
Temporary Bid Job (WO)	\$11.05	\$11.15

B. Effective January 1, 1994

The above wages increased by 35¢ per hour across the board.

C. Effective January 1, 1995

The wages will be increased again by 35¢ per hour across the board.

To round out the recommendation, this Fact Finder also recommends that all (WIS) and (LD) jobs to be (WO) jobs.

SICKNESS AND ACCIDENT INSURANCE

Although not part of the Petition for Fact Finding, the parties did discuss sickness and accident insurance. Because there was confusion on the issue, the parties asked the Fact Finder to make a recommendation. Based on the usual insurance policies, this Fact Finder recommends that effective November 4, 1992, the sickness and accident benefits will be based upon the monetary amount agreed to between the parties with first day hospital or accident, eight day illness. There was one employee that apparently became ill under the previous policy which was a one/one first day accident and hospitalization and after third day sickness. The parties tentatively agreed that that employee should be paid under the previous policy, but that no other employee should be so paid, but instead the recommended policy be as set forth above. The recommendation for sickness and accident includes this agreement.

Obviously, all other issues that have been tentatively agreed to as of July, 1992 shall be incorporated into the new Agreement.

In making the recommendations set forth in this Report and as set forth below in the Recommendations section, this Fact Finder has reviewed all the documentation submitted by both parties. He also engaged in extensive mediation. He advised the parties what he anticipated his report might contain. Both

the bargaining team of Local 214 and the representatives of the Road Commission agreed that they would recommend the Report and the Recommendations to their respective membership and Commissions. The spirit of these Recommendations are that upon receipt of this Report, Local 214 is to ratify same and notify the Commission. Upon ratification from Local 214, the spirit would be that the Commission should ratify and, therefore, a contract is reached.

What now follows in summary form are the recommendations contained in this Report.

#### RECOMMENDATIONS

1. Three year contract effective November 4, 1992, expiring November 4, 1995.
2. The Union shall withdrawn the unfair labor practice now pending before the Michigan Employment Relations Commission, Case No. C91 E95.

3. Article XII, Section 1, to read:

Health Insurance. For the duration of this Agreement, the Employer agrees to provide group health insurance coverage for all regular full-time employees who have completed their training period, similar to that which existed immediately prior to the execution of this Agreement, including major medical, prescription drug and dental care, with an insurance carrier selected by the Employer. The Employer agrees to pay 100% of the current health insurance premium to January 1, 1994.

If the Commission's premiums for health insurance as of January 1, 1994 are higher than the premiums it paid as of November 4, 1992, then each employee covered by this Agreement shall pay the amount of \$3.00 per month, commencing January 1, 1994 toward the

cost of health care premiums for a total maximum of \$36.00 for the January 1, 1994 - December 31, 1994 year. If, as of January 1, 1995, the premiums for health insurance are higher than the premiums it paid as of November 4, 1992, then each employee covered by this Agreement shall pay the amount of \$5.00 per month, commencing January 1, 1995 toward the cost of health care premiums for a total maximum of \$60.00 for the January 1, 1995 - December 31, 1995 year.

The employees' contribution as set forth herein shall be deducted from the employees' wages.

4. Within two weeks of the signing of the contract represented by this Report, each employee in the bargaining unit employed as of the date the Union ratified the contract, shall receive a \$500 cash bonus.

5. Wages:

A. Effective January 1, 1993

	<u>Min.</u>	<u>Max.</u>
Job Group I	\$11.15	\$11.50
Job Group IA	\$11.15	\$11.50
Job Group II	\$10.85	\$11.10
Job Group III	\$10.80	\$11.00
Job Group IV	\$ 5.80	\$ 7.00
Temporary Bid Job (WO)	\$11.05	\$11.15

B. Effective January 1, 1994

The above wages increased by 35¢ per hour across the board.

C. Effective January 1, 1995

The wages will be increased again by 35¢ per hour across the board.

6. To round out the recommendation, this Fact Finder also recommends that all (WIS) and (LD) jobs to be (WO) jobs.

7. Based on the usual insurance policies, this Fact Finder recommends that effective November 4, 1992, the sickness and accident benefits will be based upon the monetary amount agreed to between the parties with first day hospital accident, eight day illness. There was one employee that apparently became ill under the previous policy which was a one/one first day accident and hospitalization and after third day sickness. Said employee should be paid under the previous policy, but that no other employee should be so paid, but instead the recommended policy be as set forth above. The recommendation for sickness and accident includes this agreement.

8. All other issues that have been tentatively agreed to as of July, 1992 shall be incorporated into the new Agreement.

  
GEORGE T. ROUMELL, JR.  
Fact Finder

November 9, 1992