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STATE OF MICHIGAN  
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EMPLOYMENT RELATIONS COMMISSION

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STATE OF MICHIGAN  
BUR. OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

TOWNSHIP OF EGELSTON

and

TEAMSTERS STATE, COUNTY AND  
MUNICIPAL WORKERS, LOCAL 214

Case No. G90 B-1052

FACT FINDING REPORT

Teamsters Local 214, State, County and Municipal employees requested fact finding on January 16, 1991. Thereafter an answer to Petition was filed by the Township and the undersigned was appointed by the Commission to conduct the hearing pursuant to P.A. 176 of 1939. The fact finding hearing was conducted on October 21, 1991 at the Egelston Township Hall, 5382 E. Apple Avenue, Muskegon, Michigan.

APPEARANCES

For the Union

Fred W. Bennett  
Phyllis Dirks  
David M. Rosema  
Dale Schwab

For the Township

John Schrier  
William Huddleston  
R. U. Howell

By way of introduction, the parties' contract expired on February 28, 1991. During collective bargaining, ten issues were resolved. At the time of the fact finding, three issues remained:

1. Wages
2. Health Insurance Premium Cap
3. Dental Insurance Premium Cap

At the hearing itself, the advocates presented the written argument and testimony was limited to one witness, Phyllis

*Egelston, Township of*

Kenneth P. Frankland

LABOR AND INDUSTRIAL  
RELATIONS COLLECTION  
Michigan State University

Dirks. Prior to discussion of each issue, a few comments are in order with respect to the factors to be used.

#### COMPARABILITY

The Act does not spell out specific factors that might be used for fact finding as compared to those that are statutorily set forth in Act 312 police and fire arbitrations. However, parties generally follow the same format and suggest comparable communities to support their positions. The Township suggested that there were six townships in proximity to Egelston with sufficient employees to make a comparison appropriate. The Union suggests that there are four. A part from the disparity in numbers, there is significant differences in all of them to make their use difficult at best. For example, Dalton Township is the smallest with a population of 6,276, and SEV of \$55,500,000 and only one employee. Muskegon Township is the largest with a population of 15,302, and \$154,905,000 SEV and 12 employees. In this context, employees means clerical and maintenance. Laketon Township is slightly smaller with 6,300 population than Egelston 7,800 but slightly larger in SEV with \$73,535,000 versus \$62,048,000. Egelston has ten employees, whereas Laketon has five. However Laketon's employees are not unionized and Egelston's are. The only unionized townships are Fruitport and Muskegon. Fruitport is a little bit larger than Egelston with a population of 9,503 and an SEV of \$127,000,000 and 8 employees. Neither side presented an overwhelming argument that any particular community was most

comparable to Egelston, but given the facts as presented, it would seem that those which might be used for comparison purposes would be Laketon and Fruitport. Dalton is too small, Muskegon too big, and by using Laketon and Fruitport, the populations are one below and one above Egelston. Both comparables have just a few less employees. One is unionized and the other is not. Fruitport has a larger SEV, but also assesses slightly larger millage, 5.53 versus 5.39 for Egelston. Laketon has a slightly higher SEV than Egelston, but assesses only 1.21 mills. In view of the fact that comparability might only be significant as it relates to wages, this analysis is used to give the parties a glimpse of what the fact finder perceives to be helpful information as it relates to the issues of comparability.

#### WAGES

According to Township Exhibit 4, there are ten employees in the bargaining unit. Four clerical; six maintenance, one of whom is part-time (the janitor). The contract that has expired was executed on March 4, 1990, retroactive to July 1, 1989. The then employees were not all given the identical percentage increases because the parties attempted to narrow the salary differences between various positions.

For the purposes of this fact finding, the proposals of the parties are:

<u>Effective Date</u>	<u>Township Proposal</u>	<u>Union Proposal</u>
3/1/91	1.5 percent	4 percent

8/1/91	1.5 percent	0 percent
3/1/92	1.5 percent	4 percent
8/1/92	1.5 percent	0 percent

The Township argues that theirs is a 3 percent increases and the Union is asking 4 percent thus a 1 percent difference. The Union characterizes the 1.5 semi-annually, as really only being 2.25 on an annualized rate. The Township suggests that their offer is competitive with the private sector using Exhibit 6. However, the union correctly points out that the 1990-1991 provide such wages are not relevant. What is relevant are wages paid in the public sector, particularly as here when we are using other Townships as comparable communities.

Both parties suggest the consumer price index is pertinent for judging wage increases. The Township suggests, under Exhibit 7, that the CPI has increased 2.7 percent and that their offer is in line with that increase. However, Union Exhibit 5, table 3, suggests that there is a 3.6 percent consumer price index increase. When you look at the consumer price index, it is obvious that there is an increase. The difference between the parties is really the difference between 4 percent, which the Union is asking, and 2.25 percent on an annualized basis which the Township is offering. The CPI increase can be used to justify either offer, but suggests more than the 2.25 offered by the Township.

Fruitport Township has given wage increases of 4 percent in 1991, 1992 and 1993. Laketon has given a 3 percent increase

effective 4/1/91. Having determined that these two communities are the most comparable, it would seem that the Township's proposal is slightly lower than that which is being given in other communities and slightly lower than the CPI if we use the Union's statistics. I view the Township proposed as an annualized rate of 2.25 percent, and it is more persuasive that the Union's position would be appropriate at least in the first year. If the Union's position of 4 percent in the first year was fully implemented, that would place their members, percentage-wise, the same as Fruitport. This slightly more than Laketon, but slightly less than 5 percent in Muskegon and 5 percent for the one employee in Dalton. The Union suggested that 4 percent was at least equitable because the elected officials in 1991-1992 apparently received 6 percent increases. Although there might be a fairness issues involved, this fact finder believes that comparison of the Unionized employees versus the elected officials is not appropriate. We are dealing with work performed by comparable persons in comparable communities. The fact that the elected officials may have slightly higher percentage therefore is irrelevant. It has only bearing with respect to public relations and whether a percentage should be the same for elected and bargaining unit members. It is not a particularly significant aspect in fact finding however.

Thus, it is the fact finder's recommendation that the Union's position of 4 percent in the first year should be adopted. As to the second year, the fact finder recommends 4 percent as

well. There was some consideration that perhaps 3.5 percent or even 3 percent might be appropriate in the second year. However, the information for Laketon was not available for 1992, and it is conceivable even they will be receiving an increase in excess of 3 percent, which they received for 1991. Fruitport, of course, is getting 4 percent for 1992. There seems to be validity based upon the consumer price index to pay 4 percent in both years. The consumer price index is volatile, but it would appear that on the annualized basis for 1991 that the CPI was at least in the midpoint between 3 and 4 percent. Given all these factors, 4 percent is not unreasonable and the economic impact upon the community certainly is not overwhelming. (Union Exhibit 11) Also, given the comments about public relations noted above, 4 percent for each year might address in some small way the perception of unfairness between elected officials and union members.

#### HEALTH INSURANCE

Prior to the 1989-1991 contract, the employer paid the full cost of health insurance. Under the new contract, the parties agreed to a change in the health program switching from the traditional Blues to the HMO Blue Cross Care Network. In switching to the HMO, the Township agreed to pay health insurance premiums not to exceed \$300 per month for any individual employee. The excess of \$300 would be split between the employer and the employee. The Union proposes that the existing \$300 cap should be increased to \$325 and the Township argues that the cap should be

increased to \$305.

As of June, 1991, one employee had single coverage, three employees had double coverage and 5 had family coverage. Based upon the premiums as of 12/19/90, only the family coverage exceeded \$300, at \$302.40 meaning those 5 persons paid \$1.20 a week. In the comparable townships, employees do not contribute to health care at all.

The Union argued that the cap should be higher because the Township pays the single rate for 4 trustees, apparently pays the full cost for the Treasurer, Clerk and Superintendent without a cap at all. Again, what happens at the elected level is less significant than what is happening at the employee level at other communities. Apparently, the other communities are not requiring their employees to pay anything. Since the parties apparently had significant contractual agreements regarding restructuring a new health benefit, each party gave something up. The employees agreed to pick up some of the co-pay and the Township ostensibly got a less expensive package, the HMO. Given the likelihood that only the family rate might be affected by a change in the cap, it would seem that the Township proposal to go to \$305 suggests that there is only going to be about a \$2.50 increase from present rates to be shared. Conversely, the Union's proposal for \$325 may put the cap outside the reach of any employee. A more realistic approach is to use the Township's \$305 to recognize that the premiums will probably go up and continued recognition of the sharing envisioned

in the old contract. The Township would take the first \$5.00 above the existing \$300 and then the difference would be shared. The \$305 expresses the view that the co-pay will become effective at some point during the contract rather than being extended as desired by the Union proposal. It also recognizes that the Township knows that the co-pay has already become effective for some few people and that the \$5.00 increase, although probably perceived as small by the Union, is a recognition by the Township that the premiums are going up. On balance, it does not seem to be inequitable to take the Township's proposal on this issue.

#### DENTAL INSURANCE

Prior to this contract, the employer paid the full cost of dental insurance. For this contract, the Township agreed to pay the full cost up to \$60.00 for an individual employee. Above \$60 the employer would pay one half and the employee one half. The Township has proposed to increase the cap to \$65.00 per month. The Union originally asked for \$85 and at the hearing reduced its demand to \$70. Apparently there are ten employees using this coverage as of June 1, 1991, one single person, three doubles, and six family. As of 2/1/9, the most expensive premium was family, at \$59.39. Under this scenario, the co-pays were not effective for 1989 through 1991. Apparently they might not be effective for the first year of this contract. Similar to the discuss in health insurance, the Township's offer seems appropriate. Even though the Union came down, it's the perception of the fact finder that was



probably because the cap had not been reached and the Township suggested that no one will pay at least until the second year. Apparently, it would take about a 20 percent increase in rates to get to the \$70 cap. History suggests even the \$70 cap might not be realized. Dalton and Muskegon provide full dental, but no caps. Apparently there is no dental at all at Fruitport and Laketon. Thus, the comparables don't suggest much help here. The discussion contained in the insurance section, is pertinent here. It makes sense that the dental cap should not be increased any higher than the Township proposal of \$65.00.

In summary, the Union's proposal has been accepted for wages, a one percent increase, and the Township's proposals have been accepted on health and dental. Hopefully, these comments will be helpful to the parties and it will allow them to agree upon a contract.

Respectfully submitted,

DATED:

July 17, 1992

By:



Kenneth P. Frankland (P13643)

Fact Finder

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