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STATE OF MICHIGAN

DEPARTMENT OF LABOR

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the Matter of Fact Finding Between:

JACKSON COUNTY ROAD COMMISSION,

Employer,

and

UNITED STEEL WORKERS OF AMERICA,
AFL-CIO-CLC,

Labor Organization.

MERC FACT FINDING

Case No. L85 C-233

Jackson County Road Commission

APPEARANCES

For the Employer

Darrel D. Jacobs, Attorney
Michael F. Ward, Attorney
Don Maronde, JCRC Clerk

For the Labor Organization

Kim Arthur Siegfried, Attorney USWA
William G. Anderson, Staff Representative USWA
Glen Frey, President Local 14893
Mark Miskowski, Vice President Local 14893
Ken Straub, Committeeman
David Smith, Committeeman
Willard Hale, Committeeman
Norm Cooper, Superintendent

FACT FINDER'S REPORT AND RECOMMENDATIONS

I. INTRODUCTION

The parties were unable to reach agreement on a new contract. Mediation sessions were held on April 16, 1985, and April 25, 1985. These proved to be unsuccessful and the Jackson County Road Commission petitioned for fact finding on May 6, 1985. On July 8, 1985, Robert F. Browning was appointed Fact Finder.

Robert Browning

Contact with the respective parties established they could not meet in July and August 1985. A Hearing was scheduled for September 11, 1985, which was subsequently cancelled at the request of the parties. A Hearing was held on December 11, 1985. Subsequently, the parties advised the Fact Finder they believed an agreement could be arrived at by the parties. Regretfully, despite the parties and Fact Finder's best efforts, a new agreement was not achieved. A second Hearing was held at the Jackson County Road Commission offices on May 15, 1986. The positions of the parties were presented. The issues were stipulated and the exhibits of both parties received. Subsequently, cost data concerning the Employer's and Union's economic demands, requested by the Fact Finder was prepared and received from the Employer with a copy to the Union. Post-hearing briefs from the parties were received July 8, 1986.

During this time, the contract which was to expire by its terms, May 1, 1985, has been extended by agreement by the parties on a day-to-day basis pending negotiation of a successor agreement.

The bargaining unit consists of seventy-six (76) employees of the Jackson County Road Commission and includes all regular full-time and regular part-time building maintenance, road crews, and garage employees.

II. FACT FINDER'S POWERS

The Fact Finder's recommendations are non-binding upon the parties as provided in the statutory powers granted to the Fact Finder in accordance with Section 25(1) of the Michigan Labor Relations and Mediation Act: "The findings shall not be binding upon the parties but shall be made public".

III. ISSUES

The parties have stipulated the following issues remain unresolved:

1. Sick Leave and Sickness and Accident (S & A) Insurance.
2. Medical, Life, Dental and Vision Insurance.

3. Seasonal Equipment Pay Rate.

4. Wages.

IV. DISCUSSION OF THE ISSUES AND RECOMMENDATIONS

1. Sick Leave and Sickness and Accident (S & A) Insurance

Under the 1984-85 Labor Agreement between the parties, employees in the bargaining unit currently accumulate one-half (1/2) day sick leave per month of service, not to exceed a total accumulation of sixty (60) days.

Employers may utilize sick leave for: (1) non-work related illness or injury; (2) illness or injury of a spouse or child (to a maximum of three (3)days; (3) birth of a child, maximum of three (3) days; and (4) to "make-up" the difference between worker's compensation benefits and full wages.

In addition to the employee's sick leave bank, the Employer pays for and provides a temporary disability income insurance policy (S & A), beginning with the fifteenth (15th) calendar day of injury or illness, at a rate of One Hundred Fifty Dollars ($150) per week for fifty-two (52) weeks maximum. Employees may supplement their S & A insurance from their sick leave bank. The Union's position is that the current contractual Sick Leave and S & A benefits should be left unchanged.

The Employer proposes to terminate the existing sick leave plan and pay off one-half (1/2) of all accumulated sick leave. The sick leave program would be replaced by an improved sickness and accident (S & A) insurance policy providing coverage from the first day of accident and the eighth (8th) day of illness for fifty-two (52) weeks at a weekly benefit rate of sixty-six and two-thirds (66 2/3%) percent of the employees net (after taxes) take-home pay based upon a forty (40) hour workweek.

The Employer advances that over the long term the costs to the Employer will be reduced. The Employer states that the Berrien County Road Commission has adopted a program similar to that proposed by the Employer, namely, no sick leave program, but a sickness and accident insurance program. The Kalamazoo County Road Commission has a program which allows twelve (12) days of sick leave per year. However, if these days are not used each year, the Employer pays off on fifty (50%) percent of the unused days each year. This limited sick leave of the Kalamazoo County Road Commission is coupled with a sickness and accident insurance policy which pays a maximum of One Hundred Eighty Dollars ($180) per week for fifty-two (52) weeks. The Jackson County Road Commission has recently implemented termination of sick leave of its supervisors.

The Union via its exhibit (1985 Summary of Employee Control Provisions, pp. 14-16) has established that virtually every other County Road Commission in the State of Michigan has sick leave provisions in their contracts. The Union maintains that as in the case of the Jackson County Road Commission, many other road commissions have added sickness and accident coverage to the sick leave accumulated by their employees. (1985 Summary Employee Contract Provisions, Michigan County Road Commissions, pp. 20-22).

The Fact Finder is of the opinion that in this present day society when so often both spouses (often both parents) are working, a combination of sick leave and sickness and accident insurance provides a coverage and flexibility which straight sickness and accident coverage does not.

The elimination of "sick leave" as proposed by the Employer would deprive the employee of his present right under the contract to utilize sick leave for: non-work related illness or injury; illness or injury of a spouse or child (maximum 3 days); birth of a child (maximum of 3 days); and to make up the difference between worker's compensation benefits and full wages.

The Fact Finder does not recommend the adoption of the Employer's proposal for the termination of sick leave, pay off, and a new sickness and accident insurance program. The Fact Finder recommends that the current contractual Sick Leave and Sickness and Accident (S & A) insurance benefits be left unchanged.

2. Medical, Life, Dental, and Vision Insurance

As will be explained more fully when the issue of "Wages" is addressed by the Fact Finder later in this Report and Recommendations, the Employer's wage offer as the Employer stated in its testimony and post-hearing brief "is inseparably coupled with and linked to its offer on the second issue of insurance premium payments". The Employer has made its offer on wages contingent upon the individual employee paying any insurance premium increase over the rates in effect for 1984.

The Employer proposes to limit its contribution to health, vision, dental, and life insurance coverage to: $200.56 per month for full family coverage; $190.87 per month for two-person coverage, and $82.78 per month for single person coverage. Any increase above these stated rates shall be paid by the employee.

The Employer's position is that in its opinion, since employees receive more wages than can be justified by comparable data and cost of living increases, the employees can pay their portion of insurance premiums from the additional wage proposed by the Employer, if the Employer's "insurance cap" is adopted.

The Employer's "Costing" Sheet shows the following estimated after-tax, out-of-pocket payments by employees based on "current", i.e., May 1985 insurance premium rates:

Blue Cross/Blue Shield

34 employees would contribute $65.18 monthly
20 employees would contribute $52.37 monthly
5 employees would contribute $28.26 monthly
15 employees would contribute $24.87 monthly
2 employees would contribute $14.31 monthly

On this basis the Employer states the first year Employer savings would amount to $45,713.88.

The Union analysis of the Employer's costing sheet is that the "average" Jackson County Road Commission USWA member would be paying Fifty Dollars ($50) per month from his after tax income, effective the first day of the contract, not including projected increases from June 1986 for medical and other insurance coverage. The Union states that under the Employer's proposal, if insurance costs were to rise only five (5%) percent per year for the duration of the contract, employees would be paying on average over Ninety Dollars ($90) per month and employees with families would be paying over One Hundred Five Dollars ($105) per month as of June 1988.

The Union proposes that insurance coverage remain the same, to be completely paid by the Employer, with two revisions offered by the Union to aid in controlling health care costs.

The first revision would be to increase employee "up-front" deductibles from Fifty Dollars ($50) single and One Hundred Dollars ($100) family to One Hundred Dollars ($100) single and Two Hundred Dollars ($200) family.

The second revision in insurance coverage proposed by the Union would be to implement Blue-Cross/Blue Shield's Rider Pre-100/20 Program (Predetermination of Hospital Benefits), which provides for a comprehensive health care cost containment program administered by Blue Cross/Blue Shield.

The Union states its proposals are aimed at addressing the need for containing rising insurance costs and argues the proposals provide for significant employee inducements to reduce insurance claims, both voluntarily through an increase in employee "first-dollar" co-pays and involuntarily through Blue Cross/Blue Shield's Pre-Determination Program. The Union estimates that implementation of the Pre-Determination Program alone will mean a two (2%) percent increase in the Employer's June 1986 medical insurance premium versus perhaps an eight (8%) percent or nine (9%) percent increase without implementation of such a program.

The Fact Finder learned from testimony during the course of the Hearings that "a capping of insurance premiums for Blue Cross/Blue Shield has not been obtained with other Jackson County Road Commission employees, e.g., supervisors. Also the City of Jackson and Jackson County pays the Blue Cross/Blue Shield premium for their employees (Employer Exhibit E-4, p. 2). A review of the 1985 Survey for the eighty-three (83) Michigan County Road Commissions reveals that only one Road Commission (Leenanau County) in Michigan contains a contract clause requiring an employee contribution for medical insurance coverage.

The Fact Finder shares the feeling of the parties that efforts should be made to contain the costs of insurance premiums, with a sharp focus on reducing medical premium insurance costs. The Fact Finder is persuaded that in the view of the County Road Commission comparables throughout the state, the Union's proposal of increased co-pays and a cost containment program should be adopted as a step towards reducing and helping to restrain the spiral of increasing insurance premiums for medical costs. Since all the other counties, with the exception of Leelanau, pay for their employee's medical insurance coverage, the Fact Finder recommends the Union's proposal and does not endorse the Employer's proposal.

3. Seasonal Equipment Pay Rate

Presently a Class III or IV Operator, employees operating seasonal equipment such as rollers, distributors, stump chippers, paver operators, gradalls, drag lines, and dozers, when transferred to a lower class in the off season, continue to receive the higher classification pay rate.

The Employer proposes that when this seasonal equipment in not being operated and the employees are transferred to a lower labor grade, the employees should assume the pay rate of the lower grade. The operation of the seasonal equipment involves at most five (5) months work in the higher classification; the remaining seven (7) is in a lower classification. The Employer argues it should not pay for a skill level it is not receiving.

The Union wants no change in the present practice and is opposed to a seasonal classification pay rate. The Union states this proposed change would affect nine employees and result in a reduction in pay per hour for five (5) employees amounting to a 17¢ per hour reduction and four (4) employees' pay would be reduced by 23¢ per hour from the higher seasonal rate.

The 1984 and 1985 County Road Commission Surveys do not provide the information on seasonal rates. The Union points out that of the ten USWA Road Commission contracts, only one shows such a seasonal classification.

The Fact Finder is impressed that the County Road Commissions offer their employees throughout the year, unlike the general road construction industry which is seasonal insofar as its employees.

The Fact Finder recognizes that the existing practice of the parties under their prior agreements has not been to have a seasonal rate. Insofar as the present nine (9) employees that would be affected by the Employer's proposal of a rate reduction in the off season when operating equipment that is in a lesser rate classification, the Fact Finder recommends that these nine (9) men be "grandfathered" or "red ended". The Fact Finder recommends that in the new contract, other than the continuing treatment of no reduction for the nine men presently in Class III and IV, that the seasonal rate be applied in the future as the Employer proposes.

4. Wages

The Fact Finder earlier in this Report recommended that insofar as Issue 2, Medical, Life, Dental and Vision Insurance that the proposal of the Union be adopted and did not endorse the Employer's proposal of a "cap" on insurance premiums.

The effect of this is to leave the Fact Finder without a wage proposal from the Employer to consider since the Employer's wage offer is linked to and inseparably coupled with and conditioned upon the acceptance of the Employer's proposal upon insurance premium payments by employees over the insurance premium caps proposal by the Employer.

The theory of the Employer is that in its opinion, the Employer's wage offer in and of itself cannot be justified but would allow the employees to have funds from which to pay the difference between the insurance cap and their insurance cost.

Had the Employer's insurance cap been recommended by the Fact Finder, the Employer's wage offer would have been:

4.5% effective upon ratification in 1986 and not retroactive.

3.5% effective one year after 1986 ratification date.

3.0% effective two years after 1986 ratification date.

The Employer proposed a three year contract beginning upon ratification in 1986.

The Union proposes the following wage increases, retroactive to May 1, 1985, which is the date the last Agreement between the parties would have expired absent the Agreement of the parties to continue it on a day to day basis which has been observed to the present time:

May 1, 1985	4.5%
May 1, 1986	4.0%
May 1, 1987	4.0%

Both parties in applying any wage increases would follow the past practice of the parties to apply the same "across-the-board" cents per hour increase to all Classifications and Labor Groups, based on the amount calculated from the "average" wage.

Under the Union proposal each Labor Group would receive a 42¢ per hour increase in 1985, a 39¢ per hour increase in 1986, and a 44¢ per hour increase in 1987. The Employer in its "Costing Sheet" has established that the "impacted" cost of the Union's proposal over three years, "effective upon ratification", would be $501,452.13.

As the Union observes, the Road Commission's proposal, as the Employer's witness stated at the Fact Finding Hearing, was not based on any "inability to pay" but on a desire to reduce costs and a belief that the employees are being well compensated in wages and fringes when compared with comparable Road Commissions.

The Union states that while the Road Commission points to "only a rise of 1.9% in the Consumer Price Index from March 1985 through March 1986 (Ex. E-5) it ignores the fact that employees have not had a raise since April 1984. The Union sets forth that the BL5 Consumers Price Index (Urban Wage Earners and Clerical Workers-Revised) was 304.1 in April 1984. It rose to 320.4 as of April 1986 a 5.36% increase in the cost of living during the period.

Jackson County Road Commission supervisors were granted in January 1985, $1,000 (1.8 - 3.6%); December 1985, a $600 "performance review adjustment" and in January 1986, a $600 "base rate adjustment". The Union states that the supervisors continue to have their insurance premiums paid by the Employer's "no cap on premium increases"; no employee-supervisor payment of increased insurance premiums and raises ranging from 4% to over 8% since January 1985 while USWA members continue to work at the same wages as they did in April 1984.

The Union states that if an average for all Michigan Road Commissions from the wage rates shown in the 1984 Survey to the wage rates shown in 1985, the average wage increase from September 1984 to 1985 ranges from 4.25% to 4.75% depending upon the employee classification. Road Commissions comparably sized with Jackson with regard to number of employees averaged about 4.5% and the Employer's argued comparables, Berrien, Calhoun, Monroe, Muskegon, Ottawa, and St. Clair, averaged over 4%.

The Employer's wage proposal, effective upon ratification and <u>only if an "insurance cap" was adopted</u>, was 4.5% upon ratification; 3.5% the second year and 3% the third year. Of course, as pointed out, this proposed Employer wage offer cannot be considered since it was connected with and conditional upon an "insurance cap" being adopted.

The Fact Finder is not persuaded that there should be a wage freeze for the Union employees since May 1, 1985, to the date of ratification of a new Agreement. The County does not lack an "ability to pay" and has, as earlier pointed out, granted salary adjustments to its supervisors.

The Fact Finder has not recommended the adoption of the "insurance cap" and the sick leave elimination proposed by the Employer. If the Fact Finder's recommendation would be accepted by the parties, this would inure to the economic benefit of the employees and not reduce the long range costs to the Employer.

Consequently, the Fact Finder recommends a lesser amount of percentage wage increases to the employees than proposed by the Union taking in consideration comparables and cost of living increases which have recently lessened.

The Fact Finder recommends for the consideration of the parties, and hopefully their adoption that the following wage increases be placed in effect based upon the parties formula of computing a percentage increase by applying an "across-the-board" cents per hour increase to all Labor Groups, based on the amount calculated for the average wage:

Retroactive to May 1, 1985 - 4% wage increase.

Effective May 1, 1986 - 3% wage increase.

Effective May 1, 1987 - 3% wage increase.

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