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LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

COUNTY OF KALAMAZOO JUVENILE
HOME

AND

AFSCME COUNCIL 25, AFL-CIO

Appearances:

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Others in Attendance:

Donna White, Union Steward
Thomas Lockhart, #11 Chairman
Weslie Gibson, Local 1677
Joanne M. Jones Local 1677
Don Nitz, Management
Mary Jo Case, Management
Deborah Corbeil, Management
Nancy Donovan, County of Kalamazoo

FACT FINDER

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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DETROIT OFFICE

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Kalamazoo County (Juvenile Home)

FACT FINDING OPINION AND REPORT

INTRODUCTION

The Michigan AFSCME Council #25 filed a petition for fact finding in this matter on August 23, 1990. The Michigan Employment Relations Commission requested this Fact Finder to serve on January 10, 1991. After preliminary telephonic conferences with representatives of the parties, the parties agreed to hold fact finding on April 9, 1991, at the County Administration Building in Kalamazoo, Michigan. The fact finding convened and all parties were given the opportunity to be fully heard.

At the hearing in this matter, the following exhibits were introduced:

1. Joint exhibit number 1--1988 agreement between the Kalamazoo County Probate Court and the City of Kalamazoo and the Kalamazoo County Juvenile Home Employees, Chapter of Local 1677, affiliated with Council Number 25, American Federation of State, County and Municipal Employees AFL-CIO. (Note: Although this agreement by its terms has expired and no new agreement has been reached, the parties have continued to the present time to abide by the terms thereof).

2. The following Union exhibits were introduced:

Number 1 - Employee Cost to Maintain Current Health Insurance.

Number 2 - KALFLEX Enrollment Form

Number 3 - Information concerning Kalamazoo County Animal Control Officers.

3. County of Kalamazoo (Employer) Exhibits:

Number 1 - Juvenile Home Employees and Health Care Cost Information.

Number 2 - Information concerning KALFLEX.

Number 3 - Summary of proposed changes in agreement presented by the County of Kalamazoo for 1989 and 1990.

Number 4 - Costs of Blue Care Network Health Insurance for 1988-91.

Number 5 - County's list of comparables compensation (County presented compensation levels for the four counties immediately higher and lower in population as comparables). They include Kent, Washtenaw, Ingham, Saginaw, Berrien, Muskegon, Ottawa and Jackson.

Number 6 - Summary of County and Union Position as of October 1, 1990.

Number 7 - Summary and detail of County's current position.

Only one witness, Mary Jo Case, Assistant Director of Human Resources for the County of Kalamazoo, was called. Ms. Case provided testimony concerning the County's proposed KALFLEX plan, its benefits and implementation. However, all in attendance were provided the opportunity for input.

DISCUSSION

Three principal issues were presented by the parties, each somewhat interrelated; the basic wage scales for 1989 and 1990, the implementation of the KALFLEX "cafeteria" benefit program, and contract retroactivity. The Fact Finder, after explaining the purpose of fact finding, discussed with the parties the inclusion of 1991 in the scope of fact finding; however, the parties have engaged in no substantive negotiation concerning 1991, and the Union declined

to submit the 1991 negotiations to fact finding, however, both 1989 and 1990 were included by stipulation and agreement.

The parties have been working without a contract since December 31, 1988. It is the Union's position that Management's economic offer for both 1989 and 1990 are inadequate. In addition thereto, the Union opposed the attempts of management to impose its KALFLEX cafeteria style benefit program, and assert that it is in actuality an economic "take-away" from the Union membership. The Union takes the position also that economic terms of any contract must be retroactive to January 1, 1989.

The bargaining unit in this matter consists of a total of 37 employees of the Kalamazoo County Juvenile Home, including cooks and child guidance workers. There are 26 full-time employees and 11 currently part-time employees. Wage rates for part-time employees is also an issue. (It is noted that on three separate occasions, the Union membership has by vote rejected tentative bargaining agreements reached between the bargaining team of the Union and Management.)

The employer takes the position that it has offered a net economic wage package for 1989 of 4%, 1.7% of which is to be allocated toward the "step raises" that all but seven of the 26 full-time employees would be entitled to, with another 2.3% to be applied to across the board wage increases.

The County also takes the position that the present Blue Care Network Health Insurance Program which it has made available to Union members in the past has simply become too expensive to continue to maintain (Employer Exhibit Number 4 indicates that the monthly cost for full family benefits of such program was \$359.57 for 1990). The County seeks to implement

a cafeteria benefit program which would include health insurance, dental insurance, vision insurance and life insurance (with dental and vision being optional) wherein the employee could choose for themselves the level of benefits to be received, at a fixed annual employee cost. If the employee chooses options which exceeded those costs, the employee would pay the difference; if the employee chooses a less expensive option, the employee could receive the balance of the payment in cash (subject to taxes) or by way of deferred compensation, or the balance paid into a medical reimbursement account. The employer contends that it no longer can afford the more expensive health care benefits that the majority of affected employees have heretofore selected and that the KALFLEX Program adequately responds to the employees' health care needs.

It is also the position of the employer that the employee should not receive any compensation retroactively. The County takes the position that it has always opposed retroactive payment, and that its position is conducive to arriving at contract resolution in a timely fashion. It is also the County's position that because of the maintenance of the previous contract terms over approximately the past 27 plus months, the employees have a) received their step raises, and b) continued to obtain the benefits of the more costly Blue Care Network Health Program, and therefore, should not be "rewarded" by retroactive pay increases.

Management further maintains that it has never paid a retroactive benefit, except three years ago in the contract addressed in Joint Exhibit Number 1, when it agreed to retroactive wages because it did not believe that a failure to reach a timely contract was the Union's fault.

The County also asserts that since the employees objected to having to bear a greater proportion of the cost of the Blue Care Network Program, the County offered to add to the basic

merit steps \$240 per year, which would compensate the employees for a similar amount that they had been paying as part of an employee contribution for health care benefits (and would be continuing to pay in the future). The result is a county cost increase of approximately \$8,640 per year. The addition of this increase would also, along with the general increases, bring the County's pay scale for this group of workers closer to "parity." It is to be noted that the Union takes the position that the \$240.00 increase in the pay scale is in fact illusory as a benefit to the employee, and that the employee must continue to pay \$20.00 per month for the cost of the KALFLEX program, as well as pay any additional costs for the more expensive program components thereunder.

Only one group of comparables was submitted to the fact finder for comparative purposes (Employer Number 5). Comparing the 1988 wage scale for juvenile home employees with the 1991 wages received in the eight "comparable counties," Kalamazoo is 17.6% below the average minimum salary and 11.1% below the average maximum salary. The Union made a point of the fact that in Kalamazoo County, guidance workers (who are the highest paid employees) were required to have a least a two-year Associate's Degree. This was not true of comparabe counties. It is clear, therefore, that even by the County's own comparables, their present scale is below other comparable counties for the same or similar work.

A comparison, however, of health care provisions is not as easy. Berrien County pays 100% of the \$223.00 per month cost of its Family Plan Health Care Program. Muskegon County, on the other hand, pays \$426.00 per month for its Family Plan, but requires a \$10.00 per month employee contribution. Kalamazoo County maintains that its \$351.00 family cost Blue Care Network, which appears to be about average for the comparable counties, is simply too

much and it needs to be reduced. The Employer supports this argument by contending that but for the FOP Unit and the Juvenile Home Employees, all other county employees participate the KALFLEX program (about 800 employees).

The issue of the perceived reduction of any benefit in labor management negotiations always presents problems, and it has clearly done so in this case. All parties herein, however, recognize that the underlying cost of health care requires close scrutiny in both the public and private sector employment. Both the reduction of health care benefits to control costs, as well as demands for employee participation in the payment for such benefits have marked the course of management/union bargaining in recent years. The issue is framed in this case by Management's representation that they simply do not wish to continue to maintain the burdensome costs of Blue Care Network with only a 5% contribution by the employees, and wish to impose by agreement a new flexible benefit program to provide both a fair level of health benefits and a greater degree of control over costs.

The Union's position, on the other hand, is that they do not wish to give up the Blue Care Network Program for which Management has heretofore paid 95% of the cost; but if they do "give it up" (or assume a greater percentage of the costs thereof), they wish to have management provide some "compensation" therefor by way of wage or other concession. The Union takes the position, as demonstrated by their Exhibit Number 1 (the facts of which are in dispute), that by accepting the Management's offer for 1989, an employee who had previously chosen the Blue Cross Network Program would have had an effective net annual loss of \$329.00.

One final, and perhaps even "make weight" factor, must be mentioned. There was discussion at the fact finding session with reference to the inordinately high turnover of

employees within the juvenile home facility. This has been attributed to a number of factors, including:

- A. Limited opportunities for advancement, and
- B. Limitations on step raises after four years of service.

With high attrition, higher paid employees (employees of longer seniority) are normally replaced with employees of lesser seniority, which decreases the costs to the employer. This factor must also be considered in any final resolution of this matter.

FACT FINDING RECOMMENDATIONS

Having considered all the evidence adduced at the hearing, including the exhibits, this Fact Finder is ultimately most impressed by Employer's Exhibit Number 5 which set forth compensation paid in "comparable" counties. It demonstrates that both a) wage increases are called for, and b) no substantial equity can be done for the employees involved in this matter if wage increases are not provided, at least in part, retroactively. While the Fact Finder fully recognizes management's reluctance to "reward" failure of the Union to reach a timely agreement, denial of compensation to members of this unit merely because of their unwillingness to arrive at terms that only management considered fair, does a disservice to the collective bargaining process for public employees. A policy of denial of retroactivity in order to coerce settlement is not in the interest of effective and progressive employee relations.

Although it might have been helpful if evidence had been introduced with reference to the compensation increases entered into by Kalamazoo County with other bargaining units within the county, absent such information, an independent determination must be made. Both the issue of proposed reduction in health care benefits/costs and the issue of how the county

proposes to handle the cost of step increases (subtracting in each year the cost of step increases from the total wage package) makes this determination more difficult. Long-term employees who reach the top of the "tier" for the step increases will receive smaller percentage raises than those who are still progressing through the steps. Unfortunately, also, those who have chosen the "Cadillac" of health insurance programs in the past and want to continue them, will also have to make a significant greater personal dollar contribution toward this program if the county offer is accepted or imposed.

However, the Fact Finder has no capacity of redirecting and changing the pattern of bargaining that the parties have entered into. It would appear that the counties combined total wage offer for the years 1989 and 1990 of 9.1% (4% for 1989 and 5.1% for 1990) is within the range of fair and equitable and takes a substantial step in raising the pay scale to parity with the eight comparable counties.

The proposed imposition of the KALFLEX Plan does work a potential short-term economic hardship upon the some 19 employees who have opted for that benefit (See Employer Exhibit Number 1). However, in a true economic sense, the impact will be felt only by the eleven two-person family plan participants, less than one-third of the total members of this bargaining unit. The impact can be "lightened" for those eleven participants if they choose to opt for the so-called "high" plan alternative from the KALFLEX cafeteria benefits.

The cost of these contract improvements for the employees covered has been estimated by the county to be \$62,770.00 over the years 1989 and 1990, however, the real cost is in fact for less. The county has included in that cost estimate the cost of step increases over the past two years, step increases which it has already incurred and paid. The county also did not include

in this estimate the potential future savings incurred by the County by establishment of the KALFLEX Plan for these employees. It is to be noted also that the County's cost estimate includes \$15,000.00 in costs for hourly employees. Since this issue was not addressed at fact finding, the Fact Finder has recommended that that pay increase only go into effect in the future. Thus, accurate reflection of the cost of resolution in this matter is the cost of the 2.3% and 3.5% retroactive wage increases.

It is my understanding that the County has budgeted and reserved funds for both 1989 and 1990 for this purpose.

This Fact Finder therefore recommends that the parties forthwith meet and agree to the contract terms hereafter set forth, which this Fact Finder believes are not only in the interest of the County of Kalamzoo and its Juvenile Home, as well as the Union and the individual Union members, but all the citizens of the County of Kalamazoo. The Fact Finder finds as follows:

1. The A-15 starting salary schedule of the previously exiting contract should be eliminated.
2. Effective January 1, 1989, the salary schedule set forth in the previously existing contract should be increased by 2.3% across the board.
3. Effective January 1, 1990, the salary schedule should be increased 3.5% across the board.
4. The County shall make retroactive payments reflecting these changes by no later than July 1, 1991, or at such other time as the parties should agree.
5. Effective July 1, 1991, in addition to the 5.8 increases reflected in items 2 and 3 above, \$240.00 shall be added to the base of each salary schedule so that effective on that date,

the salary schedule shall be as set forth in item 2 of Employer's Exhibit Number 7 submitted to this Fact Finder on April 9, 1991.

6. All eligible employees shall hereafter be subject to the benefit, compensation and payment provisions of the Kalamazoo County Government KALFLEX program, as set forth and described in Employer Exhibit Number 2 submitted on April 9, 1991.

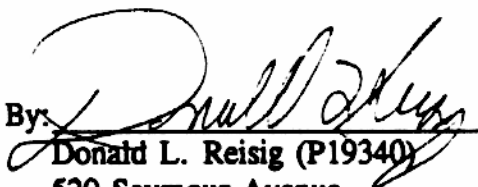
7. All other tentative agreements heretofore entered into by the parties, particularly as set forth in the document dated 6/3/89, shall be incorporated in the provisions of the contract.

8. Part-time employee wages shall be increased to \$7.00 per hour effective July 1, 1991.

9. The contract will expire December 31, 1990. It is recommended that the parties immediately commence negotiations of both the current contract year (1991) and for calendar year 1992.

Respectfully submitted,

SINAS, DRAMIS, BRAKE, BOUGHTON,
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Dated: April 16, 1991