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STATE OF MICHIGAN
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF THE ACT 312 ARBITRATION BETWEEN

THE POLICE OFFICERS ASSOCIATION
OF MICHIGAN,

Union,

AND

THE COUNTY OF ST. JOSEPH,

Employer/County

Case No. L00-F-4015

ARBITRATOR'S OPINION AND AWARD

Appearances:

Arbitrator:	Allen J. Kovinsky P-16179 Sommers Schwartz Silver & Schwartz, P.C. 2000 Town Center, Suite 900 Southfield, Michigan 48075
County Of St. Joseph:	John R. McGlinchey P-39178 Cohl, Stoker & Toskey, P.C. 601 North Capital Lansing, Michigan 48933
Police Officers Association of Michigan:	Mr. James DeVries 27056 Joy Road Redford, Michigan 48239

Date of Award – September 10, 2002

A. LEGAL AUTHORITY

Pursuant to Public Act 312 of 1969, as amended by Act 127, Public Acts of 1972 (MCLA 423.231, et seq.), hearings were conducted at the offices of the Employment Relations Commission in the City of Lansing on May 2, 2002.

B. ISSUES IN DISPUTE

1. Comparable cities, counties and internal units.

2. Article 12 Longevity: The Employer proposed to eliminate the current longevity language set forth in the Collective Bargaining Agreement in Section 12.2 and replace it with the following language:

> "Employees who have completed five years of continuous service with the County shall receive longevity payments on or about the first (1st) pay day of December each year.
>
> Employees eligible for longevity shall receive such payment by method of separate check, in accordance with the following: Twenty Five Dollars ($25.00) for each year work.
>
> Notwithstanding any contrary provisions, Employees hired after June 30, 1994 will not be eligible for longevity pay.
>
> Effective January 1, 2003, longevity payments shall be eliminated for all Employees."

Union Proposal

The Union proposes to add the following language to the longevity provision of the contract:

"Effective January 1, 2003, no Employee will be eligible for longevity pay."

3. Wages. The Employer proposes a three percent wage increase for each year of the contract commencing on January 1, 2001 with an additional three percent increase on January 1, 2002 and an additional three percent increase on January 1, 2003. In addition, the

Employer proposes a step increase for Employees with eight or more years of service of an additional one percent.

The Union agrees with the three percent wage increases proposed by the Employer effective January 1, 2002, January 1, 2002 and January 1, 2003. However, the Union proposes a two percent step increase for Employees with eight or more years of service effective January 1, 2003 as opposed to the one percent increase proposed by the Employer.

The actual wages as proposed by the parties would grant a Detective a wage of $19.12 per hour effective January 1, 2001. A wage of $19.69 per hour effective January 1, 2002 and in the case of the Employer a wage of $20.28 per hour for a Detective effective January 1, 2003. In the case of a Road Officer/Drug Officer the Employer proposes top rates for three years effective January 1, 2001 of $18.38 per hour, a top wage of $18.93 per year effective January 1, 2002 and top wage for officers with less than eight years of service of $19.50 effective January 1, 2003 and for those officers with eight years or more of service a top wage effective January 1, 2003 of $19.70 per hour. In the case of Part-Time Road Officers the Employer proposes wages of $15.84 per hour effective January 1, 2001, a wage of $16.32 per hour effective January 1, 2002 and a wage of $16.81 per hour effective January 1, 2003. It should be noted that in the case of a Detective, the Employer apparently is not proposing a one percent step increase for a Detective with eight years or more of service.

The Union proposal for 2001 agrees with the wage rates proposed by the Employer. The Union proposal for 2002 also agrees with the wage rates proposed by the Employer. The proposals by the Union are for the same classifications as those set forth by the Employer (Detective, Road Officer/Drug Officer and Part-Time Road Officer). The Union proposal for January 1, 2003 agrees with the Employer's proposal for a Detective with less than eight years of service but seeks a wage rate of $20.69 per hour for a Detective with eight or more years of service. The Union proposal agrees with Employer proposal for the Road Officers/Drug Officers in the starting, six month, one year, and two year of service categories. However, the Union proposal is one cent per hour less than the Employer proposal in the third year for a Road Officer/Drug Officer and for the same officers is eighteen cents per hour more commencing January 1, 2003 for those Road Officers/Drug Officers who have eight or more years of service. The Union proposal agrees with the Employer proposal with respect to the Part-Time Road Officer pay effective January 1, 2003

PRE-HEARING CONFERENCE SUMMARY

The Pre-Hearing Conference took place at the offices of the Employment Relations Commission in Lansing, Michigan on November 5, 2001. The parties indicated that they would waive any statutory time limits and determined that there would be no more than two days of hearings and further identified the issues as set out on the previous page.

The parties entered into a number of stipulations at the Pre-Hearing Conference:

1. The parties stipulated to the across the board wage increase of three percent for the various classifications within the Bargaining Unit for each of the three years of the new Collective Bargaining Agreement.

2. The County stipulated it would offer one percent for a step increase after eight years of service and the Union stipulated that it was seeking two percent for the various classifications after eight years of service. Both parties stipulated that the increase would only become effective as of January 1, 2003.

3. The parties stipulated that each would propose to eliminate the longevity language in the Collective Bargaining Agreement effective January 1, 2003.

4. The parties also stipulated as to another issue involving health insurance, however, that issue was settled prior to the actual Arbitration Hearing.

5. The parties stipulated that all issues before the Arbitrator with the exception of the issue of comparables were economic.

6. The parties stipulated that their respective panel representatives would be Mr. James De Vries for the Union and Ms. Judith West-Wing for the County.

7. The parties stipulated that the contract would be for a period of three years commencing on January 1, 2001 and terminating on December 31, 2003.

8. The parties stipulated the delegates may be substituted by the respective parties.

9. The parties stipulated that delegates might be witnesses but would not be advocates.

10. The parties stipulated that there would be no questioning of witnesses by delegates.

11. The parties stipulated that there need not be an executive session.

12. The parties stipulated that the issues would be presented by the respective parties and then the opposite party would present its rebuttal evidence.

13. The parties stipulated that they would transfer exhibits two weeks prior to the Hearing.

14. The parties stipulated that on the record of the Arbitration Hearing they would waive all time limits and any and all jurisdictional issues and further stipulate that the petition was submitted in a timely fashion and that the issues were appropriately in front of the Arbitration Panel.

15. The parties agreed to stipulate that wages would be retroactive to the first day of the new Collective Bargaining Agreement.

16. The parties further stipulated that all current contract language and/or amendments and tentative agreements would be part of the new Collective Bargaining Agreement.

17. The parties agreed to stipulate that mediation and collective bargaining had been exhausted.

18. The parties stipulated that the Panel Chairperson would make all evidentiary rulings.

19. The parties stipulated that all witnesses would be sworn.

20. The parties stipulated to present an original and five copies of all exhibits.

21. The parties stipulated that there would no pre-hearing brief but that they would if so desired submit closing oral arguments and/or briefs at their discretion.

STANDARDS FOR DECISION

Where applicable the Arbitrator has applied those standards which are set forth in MCLA 423.239 which provides as follows:

> "Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:
>
> (a) The lawful authority of the employer.
>
> (b) Stipulations of the parties.
>
> (c) The interests and welfare of the public and financial ability of the unit of government to meet those costs.
>
> (d) Comparison of wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
>
> (i) In public employment in comparable communities.
>
> (ii) In private employment in comparable communities.
>
> (e) The average consumer prices for goods and services, commonly known as the cost of living.
>
> (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
>
> (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
>
> (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or private employment."

COMPARABLE COMMUNITIES

The parties have proposed a number of comparable communities in addition to St. Joseph County. Both parties agree that Cass and Branch Counties are comparable communities and accordingly the Panel accepts Branch and Cass Counties as comparable communities. In addition, the Employer has proposed the Counties of Barry, Hillsdale, Ionia and Van Buren. While these counties may not be immediately adjacent to St. Joseph County, the Employer maintains that these counties fall within 30% of St. Joseph County with respect to both population and state equalized valuation. In addition, each of these counties is within 21.3% of the land mass of St. Joseph County. Accordingly, the Panel finds that the four counties proposed by the Employer as well as Cass and Branch County which were agreed to by both the Employer and the Union, are appropriate.

The Union proposes to include Calhoun County and Kalamazoo County as well as the Cities of Sturgis and Three Rivers. In support of this position the Union asserts that the communities upon which to measure the appropriateness of compensation for purposes of comparability include the actual community in which the officers live and the immediate area in which they can reasonably travel to and from home on a daily basis. Thus the Union maintains that the Cities of Sturgis and Three Rivers should be utilized as comparable communities. This is based on the fact that the two cities are within the County of St. Joseph or immediately adjacent thereto. The Union notes that there are significant differentials in labor costs between various regions within the State of Michigan. This is true not only a regional basis but also on a population basis. Moreover, the Union asserts that since the only issue that is to be dealt with by the Panel beyond the issue of comparability is the step increase of either one percent or two percent for employees with eight years of service the impact of what is occurring within the adjacent areas to St. Joseph County or St. Joseph County itself are more relevant. Thus the Union asserts that the internal comparable within the Sheriff's Department, regarding Correction Officers who currently receive a two percent step increase, is the most relevant to the issue before the Panel. Those officers have, in addition to having obtained the step increase, also agreed to eliminate longevity as proposed by both the Union and the County, albeit with a different step percentage increase in mind.

The two counties proposed by the Union (Calhoun and Kalamazoo), even though they may be in greater geographical proximity to St. Joseph County, simply cannot be accepted by the Panel based upon the vast differentials in population and state equalized valuation which have historically been looked to by arbitrators as prime, albeit not the only, factors when determining issues of comparability. In the case of Calhoun County there is a differential in population of 75,563 or 121.1% differential. Likewise there is a difference in state equalized valuation of 101.2%. The case of Kalamazoo County there is a population differential of 176,181 or 282.2% and a difference in state equalized valuation of $4,839,970,421.00 or a percentage differential of 289%. Those differentials as to population and state equalized valuation are simply too great to allow this Panel to consider those counties as being comparable.

On the other hand, the Panel recognizes that the City of Sturgis and the City of Three Rivers, while having substantially lesser populations and state equalized valuations than the County of St. Joseph, are in fact within or in close proximity to the County and accordingly the County and the cities do in fact lie within the same labor market and accordingly compete in the same labor pool for officers and/deputies with the County of St. Joseph.

Accordingly, the Panel will accept the following as the comparables to be utilized by the Panel with respect to the sole economic issue before the Panel: the Counties of Cass, Barry, Branch, Hillsdale, Ionia and Van Buren and the Cities of Sturgis and Three Rivers.

It should be noted that in the case of the cities the Panel does recognize that a city is a substantially different taxing unit than a county in terms of millage levies. However, in this case, the proximity of the cities to the County and the fact that the cities have substantially less population and substantially less state equalized property valuation has led this Panel to conclude that for purposes of this case only the two cities should be considered as being comparable for purposes of the single economic issue before the Panel.

As previously noted, the Panel will also take into consideration the internal comparable proposed by the Union related to the step increase provided by the County to Corrections Officers.

ECONOMIC ISSUE

A. Wages

The Panel adopts the stipulated proposal for wage increases by both the County and the Union of three percent per year for each of the wage classifications as set forth in the Collective Bargaining Agreement. Accordingly, Employees shall receive a three percent wage increase retroactive to January 1, 2001, and three percent retroactive wage increase to January 1, 2002 and a prospective three percent wage increase effective January 1, 2003.

In addition, the Panel by majority vote, adopts the proposal of the Union for two percent step increase for the full time employees of the St. Joseph County Sheriff's Department with eight years or more of service effective January 1, 2003 for the classifications of Detective, Road Officers And Road Officer/Drug Officer as set forth in the Union's last best offer of settlement.

B. The Union Position

The Union notes that both it and the Employer have agreed to eliminate longevity effective January 1, 2003. It further notes that both sides have agreed that in lieu of the longevity provision Deputies who hold the classification of Road Officer/Drug Officer or Detective will receive a new incremental raise with eight years or more of service. The current contract provides for top wage in each of the classifications after three years of service.

The Union, in support of its position, notes that the most weight, insofar as the evidence is concerned, should be placed upon the internal comparable with respect to Correction Officers employed by the County of St. Joseph. Those officers have already agreed to eliminate the longevity provision in their Collective Bargaining Agreement and in turn have received a new eight year step with a two percent increase over and above the maximum wages provided for employees with three or more years of service. The Union further notes the Deputies are merely seeking the same change in their Collective Bargaining Agreement. The Union asserts that its proposal does not produce an outrageous result when compared to either the Union or Employer comparables. In addition, the Union asserts that if the proposal of the Employer were to be accepted by the Panel it would inflict the most harm on the most senior members in the Bargaining Unit. This is due to the fact that both parties have agreed to the elimination of longevity pay in return for which the eight year step increase has been agreed to by both parties, albeit in different percentages. Five of the top seniority members in the Bargaining Unit will lose money as a result of surrendering longevity if a one percent eight year step increase were to be awarded. The Union further notes that the Employer's one percent offer of settlement would reward officers between eight and fifteen years of service at the expense of those officers whose seniority exceeds fifteen years of service. The Union further asserts that there is nothing in the record to indicate why the Employer's most seasoned, experienced and loyal employees should be economically injured for the benefit of less senior employees simply because the parties have agreed to remove the longevity provision. The additional cost to the Employer to eliminate longevity pursuant to the Union's final offer of settlement is considered by the Union to be de minimus. Moreover, the Union again asserts that the longevity provision elimination was adjusted for Correction Officers in a way that when taken into account along with step increase is the equivalent to the proposal before this Panel.

According to an attachment to its Post-Hearing Brief, under the current contract language there are twelve employees with ten or more years of service who received longevity ranging from a low of $250.00 per year to a high of $800.00 per year. Under the Employer's proposal, two additional employees who have eight years of service would become immediately eligible for the eight year one percent step increase in pay. The top five seniority employees under the

Employer's proposal would lose from a low of $44.00 per year to a high of $394.00 per year. The remaining nine employees who would be eligible for the one percent step increase would gain from a low of $31.00 per year to a high of $406.00 per year, with the lowest seniority employees receiving the most while the highest seniority employees are receiving the least or, in the case of the top five seniority employees, receiving less than they would have received with longevity.

On the other hand, with respect to the Union's two percent increase proposal after eight years, the highest seniority employee rather than suffering a loss of $394.00 would actually receive an increase of $11.00 with increased amounts being made by lesser seniority employees from a low of $236.00 to a high of $811.00, again the higher seniority employees receiving less than the lower seniority employees who have eight years of service, when the elimination of longevity is taken into account.

D. Position of the Employer

The Employer maintains that based upon the required statutory factors the record supports the Employer's last best offer. The Employer asserts that economic issues must, both by the statute and based on equity, be construed as a total as to the impact of economic improvements, whether in wages or benefit costs, all serve as additional costs to the Employer. Thus the Employer notes that the issues must be reviewed not only in the context of the statutory factors for each issue but the totality of the economic packages proposed must be evaluated in the same context.

The Employer notes that pursuant to its Exhibit 9, Employees on January 1, 2003 in the affected classifications would receive $40,953.00 with a one percent step increase as an annual salary. However, based upon the Union proposal Employees would receive $41,362.00. Thus the Employer notes it would cost the Employer approximately $400.00 per year per eligible employee more under the Union proposal than that of the proposal of the Employer.

In further support of its position, the Employer notes that in the comparable Sheriff's Departments, employing similar work in other counties, have essentially the same demand for services and roughly the same tax base with which to fund services, accordingly, those counties should be utilized as a useful benchmark in order to determine appropriate wage levels.

The Employer asserts that the wage levels proposed by the County already exceed the average of the comparable counties by more than $1,000.00. In addition, the Employer notes that with the exclusion of Kalamazoo and Calhoun Counties (which have not been accepted by the Panel) the Union's proposed communities, if included, still would not provide an average wage on a comparable basis above that of the proposal of St. Joseph County.

When comparing the overall wage package, the Employer notes that St. Joseph County Deputies already receive significantly more paid vacation time than all of the comparable communities offered by either party. In addition, St. Joseph County provides more total paid time off than the average of the comparable communities proposed by either the Employer or the Union. In fact, according to the Employer, only Hillsdale and Ionia Counties provide more total scheduled days off than the comparables proposed by the Employer. With respect to the Union's comparables, only the City of Sturgis provides more total paid days off than the Employer.

The Employer notes that the impact of wage increases also impacts retirement benefits and accordingly notes that of all the comparable communities proposed by the Employer only one, Barry County, provides a plan which is equal to that provided by the Employer (MERSB-4). The Employer does note that Barry County includes an E-2 rider (escalator clause) as does the Employer which is a costly but highly prized benefit since it results in annual increases in the pension retirement benefit paid to a retired County Deputy Sheriff. The Employer does note, however, that in the case of Barry County, the employees contribute two percent less to their pension benefit than St. Joseph County employees but they also received approximately $1500.00 less in annual salary for 2001 than did St. Joseph County employees. However, the Panel notes that with respect to the Barry County comparison, according to Employer Exhibit 9, Barry County employees in July of 2002 received an annual salary of $38,979.00 per year as opposed to the St. Joseph annual salary of $39,366.00 per year for an annualized differential of only $487.00 per year.

With respect to retirement benefits, the Employer also notes that Cass County only has a MERSB-3 plan with a 2.25% multiplier which requires employees to pay a five percent annual contribution to the plan. Employees in Van Buren County only have MERSB-2 plan (with a two percent multiplier) and they are required to pay five percent to the plan. The Employees in the Bargaining Unit before the Panel currently contribute 4.36% toward a B-4 plan including an E-2 rider. Of the Union comparables, determined to be appropriate by the Panel, only the City of Three Rivers offers a MERS retirement plan. However, Employees pay 7.2% toward the MERS plan which is only a B-2 plan without an E-2 rider. The Employer does note that the City of Sturgis offers a 2.5% multiplier in a non-MERS retirement plan without an E-2 rider. However, the Employer notes that the Three River officers receive approximately $1,000.00 less in annual salary. It should be noted that Employer Exhibit 10 only includes salaries for Three Rivers employees as of January, 2000 at which time there was a differential of approximately $790.00 between Three Rivers officers and St. Joseph County Deputies. Employer Exhibit 10 further indicates that there is a differential in July of 2003 between Sturgis officers and St. Joseph County Deputies in the sum of approximately $1,450.00.

In contravention of the Union's last best offer, the Employer, while noting that St. Joseph County Correction Officers do have a two percent step increase at eight or more years of service, feels that that comparison ignores all other relevant considerations and should fail for the following reasons. First, the Employer notes that simply because the County determined that its Correction Officers were behind comparable corrections officers does not mean that the same was or is true for Road patrol Deputies, in fact the Employer asserts just the opposite. The Employer further notes that Ms. Judith West-Wing, the St. Joseph County Administrator, testified that the purpose of negotiating the eight year step with a two percent increase for Correction Officers was simply because the County was not able to retain Correction Officers with the level of pay attained with the former longevity bonus. Thus, due to employee turnover, most Correction Officers were not employed long enough to achieve any significant longevity payment. Thus, due to turnover as well as possible comparable pay, the County determined that a two percent increase for officers with eight or more years of service would be appropriate. However, there is no comparable turnover problem for employees in the instant bargaining unit. The Employer further notes that members of the instant bargaining unit received a four percent wage increase in both 1999 and 2000, while Correction Officers only received three percent in 1999 and a two percent increase in the year 2000. Therefore, the Employer asserts that the internal comparable is not appropriate.

The Employer further asserts that the County would spend four percent more in 2003 for the Employer's proposal than if it paid longevity payments, however, if the Union proposal were to be accepted the Employer would pay 104% more than longevity in 2003. The Employer asserts that a majority of the Bargaining Unit will be better off under its proposal than they would have had they received longevity payments especially for those hired after June 30, 1994, who are no longer eligible to receive longevity. The Employer further acknowledges that employees who now receive longevity and who will give it up effective January 1, 2003 would receive more under the Union's proposal but at an unreasonable rate and cost to the Employer.

E. Discussion

In first analyzing the statutory factors which are applicable to this award, it should be noted that the Employer has the lawful authority to enter into the Collective Bargaining Agreement and the wage increase as well as the step increase, be it one percent or two percent. With respect to stipulations of the parties, the parties have in fact stipulated for the wage increases for the three years of the Collective Bargaining Agreement and simply are one percent or approximately $400.00 per employee apart with respect to the issue of whether or not the Employees should receive a one percent or two percent step increase with eight or more years of service. It is the finding of the Panel that the interests and welfare of the public and the financial ability of the unit of government to meet the costs of either the Employer's proposal or the Union proposal will not be substantially affected by the awarding of the Union's proposal as opposed to the proposal of the Employer. The difference between the two parties amounts to less than $5,000.00 per year at the current time, or one percent of the actual payroll, but far less than one percent of the budget for the Department for the Employees when one takes into consideration not only the payroll but the fringe benefit costs and the costs of running the Department as well.

The Panel has considered, with respect to its award, the wages, hours and conditions of employment of the Employees involved in the Arbitration proceeding as compared to the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public employment in both the comparable communities and St. Joseph County itself based upon the exhibits provided by the parties. There was no consideration given to private employment in comparable communities since no evidence, by way of testimony nor exhibits, was offered. In addition, no exhibits were offered with respect to the cost of living but the Panel has taken into consideration prior wage increases granted to this Bargaining Unit as well as other bargaining units in the comparable communities (both internal and external). The Panel has also taken into consideration the overall compensation presently received by the Employees in this Bargaining Unit including direct wage compensation, vacations, holidays and other excused time as well as the costs of insurance, pensions, medical and hospitalization benefits, if supplied in the exhibits presented by the Employer or the Union.

Insofar as the Panel is aware there were no changes which would impact the decision of the Panel with regard to any of the factors set forth in A through G of MCLA 243.239 Section 9.

In arriving at its decision the Panel notes the following facts:

1. According to Union Exhibit 4, from the starting salary of a Deputy to the three year maximum as of January 1, 2000 there was a differential of 15.39% with respect to Correction Officers employed by St. Joseph County, there was a differential of 18.36%. However, the Deputies still earned $1.21 per hour more in 2000 than the Correction Officers earned in 2001.

2. According to Union Exhibit 5, Employees in the instant Bargaining Unit as of July 1, 2000 earned $37,107.00. This was greater than the amounts earned by employees in Branch County, Cass County, Sturgis and Three Rivers (as of January 1, 2000).

3. According to Union Exhibit 7, twelve employees will receive longevity payments in the year 2002 ranging from a low of $225.00 to a high of $775.00 for a total of $4,825.00. If longevity had not been eliminated the same 12 employees would have earned $5,125.00 in longevity payments in 2003. Pursuant to Union Exhibit 8, on a comparable basis, St. Joseph

County Employees received substantially less in longevity payments for comparable years of service than did those in Branch and Cass Counties and the Cities of Sturgis and Three Rivers. For example, a St. Joseph County Employee with twenty years of service received $500.00 in longevity pay which was the same as a Branch County employee but $200.00 less than a Cass County employee and $600.00 less than a Three Rivers employee, but $100.00 more than a Sturgis employee. With respect to the Employer comparable communities, a St. Joseph County Employee with twenty years of service would receive the same as a Barry County employee and a Hillsdale County employee, but $200.00 less than a Cass County Employee, $1,705.00 less than an Ionia County employee and $100.00 more than a Van Buren County employee.

4. According to the Union exhibit attached to its Post-Hearing Brief, if the Employer proposal were to be accepted, five employees would receive a total of $895.00 less than they would have received in 2003 if longevity were continued and no step increase was instituted. Nine employees would receive a total of $1,430.00 more with the Employer's proposed one percent step increase than if longevity were continued. In short, the Employer's net cost as proposed between the elimination of longevity and the institution of a one percent step increase would cost the Employer a total of $535.00. On the other hand, if the Union proposal were to be accepted by the Panel, the overall cost of the Employer would increase from a net of $535.00 to a net of $5,425.00 which represents the differential between longevity pay commencing on January 1, 2003 and the two percent eight year step increase as proposed by the Union.

A review of the exhibits by the Employer and the Union indicate that prior wage increases granted to the St. Joseph County Employees are comparable to the communities selected by the Panel for comparability purpose. For example, Employer Exhibit 11 indicates that in the years 2000, 2001 and 2002, Barry County employees received two percent increases every six months for a total of twelve percent compounded. Cass County employees received a three percent increase in 2000, Hillsdale County employees received a total of 9.5% for those three years, Ionia County employees received a total of 8.5% for those three years and St. Joseph County Employees received a total of ten percent for those three years. For the third year in issue, there are no figures presented for Barry or Cass Counties, but Hillsdale received 3.35%, Ionia three percent and Van Buren three percent. Referring to Employer Exhibit 25, it would appear that the average total cash compensation for fifteen year deputy in the year 2000 for Barry, Cass, Hillsdale, Ionia and Van Buren Counties was $36,819.00 while that of St. Joseph County was approximately $37,690.00. However, Employer Exhibit 26 which compares Branch, Cass, Kalamazoo (not a selected comparable by the Panel), Sturgis and Three Rivers indicates that when one takes into account total compensation including salary, longevity pay, shift differential and other cash compensation, St. Joseph County is indicated as having a total cash compensation of $37,690.00 while Branch has a total of $35,491.00, Cass has a total of $36,067.00, Sturgis has a total of $37,471.00 and Three Rivers has a total of $37,629.00. It is obvious that based upon the total cash compensation in the year 2000 St. Joseph would have been second among the communities analyzed in Exhibit 26, with the exclusion of Kalamazoo. However, the overall average would be extremely close.

In reviewing Employer Exhibits 39 and 40, St. Joseph County Employees contribute 4.31% of their salary for their retirement pensions. Cass and Van Buren contribute five percent, and Three Rivers employees pay 7.2%. On the other hand, Barry employees only pay 2.36%, Ionia employees by three percent, Branch employees pay three percent of the first $4,800.00 of earnings and five percent thereafter and Sturgis employees only pay 2.73%. Those members in communities who pay less obviously enjoy a net pay advantage while those who pay more are at a net pay disadvantage to the members of the Bargaining Unit in St. Joseph County. Of course, the contribution made by members is not the only factor that is relevant with respect to retirement pensions since the maximum benefits and pension multipliers are also of major import. St. Joseph County, with a 2.5% multiplier is equal to Sturgis and Barry among the comparable communities selected by the Panel. Cass, Ionia and Branch only have a 2.25% multiplier, while Hillsdale, Van Buren and Three Rivers only have a two percent multiplier with respect the maximum benefit, Barry, Cass, Ionia and St. Joseph all have an 80% maximum benefit while apparently the others do not have a percentage as a maximum benefit. The normal retirement age varies from a zero minimum age to 55 with all of the units requiring 25 years of service. The number of years used in final average compensation varies from three to five among the bargaining units with Hillsdale, Van Buren and St. Joseph having three years final average compensation and the rest having five years final average compensation. With respect to post-retirement escalators, only Hillsdale and St. Joseph have the E-2 escalator while Barry has what appears to be an E-1 escalator and the remaining comparable units have no escalator.

Having taken all of the testimony and exhibits provided by the parties into consideration as well as the statutory provisions, the Panel as hereinabove set forth has determined by majority vote that the last best offer of the Union shall be awarded for the following reasons. First and foremost, when all of the actual compensation is taken into consideration there is relatively little difference among the comparable communities. In fact St. Joseph Countyn for longer term employees with longevity taken into consideration, is not number one in total compensation. The Panel while accepting the testimony of Ms. West-Wing as to the reasons why the County gave the Correction Officers an eight year two percent step increase nevertheless must consider internal comparables which, in the case of St. Joseph County, have been offered by the Union with respect to the Corrections Officers. In addition, the Panel has taken into consideration the fact that five members of the Bargaining Unit would receive less money under the Employer's one percent step increase proposal with the elimination of longevity pay than they would have received if longevity pay were continued and no step increase were initiated. Under the Employer proposal it would only incur a net increase of $525.00 by instituting the one percent step increase and eliminating longevity pay. Clearly, since the Employer has offered a one percent step increase it feels that it can afford that minor additional cost. However, the Employer has balked at the Union proposal which constitutes an increase of approximately $405.00 more per current eligible Deputy per year or a total of $4,860.00 more per year than the increase proposed by the Employer. In addition, the Panel has been persuaded in part by the fact that it would appear that under the Employer's proposal, the Employees with the most seniority suffer losses in overall compensation which are redistributed to lower seniority Employees. The same conclusion can even be drawn with respect to the Union proposal but at least in that proposal the Employees who have given the most to the County in terms of service do not suffer a reduction in total compensation.

The Employer has not plead poverty nor claimed an inability to pay and accordingly clearly can afford the additional increase in overall compensation between its proposal and the Union's proposal. The Employer, albeit for reasons not applicable to the instant Bargaining Unit, chose to follow the same path in eliminating the longevity pay and instituting a two percent pay increase for Employees with eight or more years of service for its Correction Officers. Whether or not the additional $400.00 per year received by Correction Officers actually acts as a deterrent to leaving the position for other positions may or may not be true. One could argue that a mere one percent differential in pay will never operate to prevent an employee from seeking greener pastures. On the other hand, there may be some employees for whom the additional one percent among the ranks of Correction Officers acts as a sufficient economic incentive to remain in place. In either event, without interviewing each and every member of the corrections unit it would be pure speculation to assert that a particular employee either remains because of the one percent additional amount for the step increase or chooses to leave because the overall compensation is insufficient. Presumably, if a Correction Officer can find similar employment for a similar employer within a convenient geographic area but at a higher wage, regardless of the wage that person is currently receiving, the economic impetus will in many cases drive that employee to seek the higher compensation position. Since no external comparable exhibits were offered with respect to correction officers, the Panel cannot determine whether or not the compensation of Correction Officers in St. Joseph County is equal to, less than or greater than correction officers in other comparable counties and/or communities.

Accordingly, for all of the reasons hereinabove set forth, it is the decision of the majority of the members of the Panel that the Union's last best offer of settlement is hereby awarded and shall be incorporated into the new Collective Bargaining Agreement.

SIGNATURE

ISSUE – 1 – WAGES

There shall be wage increases pursuant to the stipulations of the parties of three percent annually for each of the classifications commencing on January 1, 2001, January 1, 2002 and January 1, 2003. In addition, effective January 1, 2003 the longevity provision of the Collective Bargaining Unit is nullified and no longevity payments shall be made by the Employer, in lieu of the longevity payments the Employer shall pay Employees in the affected classifications, who have eight years or more of service, a step increase in the sum of two percent of the Employee's salary for all Employees who have eight years or more of service or become eligible with eight years or more of service from and after the date of their eligibility in the year 2003. For those who do not have eight years of eligibility on January 1, 2003, the two percent shall be prorated based upon the date that the Employee or Employees attain eligibility.

THE FOLLOWING AGREE:

ALLEN J. KOVINSKY, Panel Chairperson

JAMES DEVRIES, Police Officers
Association of Michigan

THE FOLLOWING DISSENTS
WITH RESPECT TO THE ISSUE OF
THE STEP INCREASE.:

JUDITH WEST-WING 10-15-2002