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STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION

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In the Matter of the Fact Finding between

LOCAL 14130 AND DISTRICT 50, ALLIED AND  
TECHNICAL WORKERS UNION

-and-

MIDLAND COUNTY ROAD COMMISSION  
MIDLAND, MICHIGAN

Alan Walt

REPORT OF FACT FINDER

Pursuant to application for fact finding dated June 16, 1971, filed by the Union, the undersigned was appointed Fact Findings Hearings Officer by letter of the Employment Relations Commission dated July 6, 1971.

Upon notice duly given, hearing was held under Section 25, Act 176, Public Acts, 1939, as amended, and the regulations of the Commission.

BACKGROUND

At the time of the fact finding hearing, the parties agreed that the only matters to be submitted for fact finding and recommendation involved the 1971 wage scale and the question of whether, under a 3 year contract, wages should be reopened and negotiated for

Midland County Road Commission

the second year, as proposed by the Union, or a fixed across-the-board increase should be adopted at this time, as proposed by the Road Commission. The parties previously have agreed to a 3 year contract from and after July 1, 1971, and that wages in the third year would be reopened and negotiated. None of the specific contract provisions heretofore agreed upon were presented and this report will deal only with the 1971 and 1972 wage schedules.

Collective bargaining between the parties dates back to approximately 1958. The last contract was a 3 year agreement, from July 1, 1968 through June 30, 1971. That agreement has been extended until 12:01 a.m., August 1, 1971. A part of the extension agreement provides that monetary matters finally agreed upon will be retroactive only to cover the current pay period at the time of contract settlement.

The bargaining unit consists of 47 employees who fall into 9 classifications under the wage schedule. By code, the hourly rate of pay for each classification as of June 30, 1971, was:

Code

2	-	\$4.05
3	-	3.94
4	-	3.88
5	-	3.82
6	-	3.75
7	-	3.69
8	-	3.64
9	-	3.58
10	-	3.53

The foregoing figures include cost of living adjustments. The parties have agreed that cost of living adjustments will be eliminated from the new contract.

#### POSITION OF THE UNION

The Union demands an across-the-board increase of 71 cents an hour in the first year of the contract, and a reopener whereby wages in the second year will be negotiated. Looking at the wage scale of road commission employees in the adjacent county of Gladwin, an analysis reveals that the rate for mechanics, heavy equipment operators, and laborers increased 35½, 36 and 39 percent, respectively, over a 3 year period. If these same percentage increases are applied to Midland County Road Commission classifications, the hourly rate for a Mechanic would be \$4.66; for a Heavy Equipment Operator, \$4.60; and for a Laborer, \$4.21. Under the Union's proposal, however, the Mechanic will receive \$4.65; the Heavy Equipment Operator, \$4.59; and the Laborer, \$4.24. In addition, Gladwin County employees enjoy an unlimited cost of living benefit at .5, and work a 45 hour week, whereas Midland County employees have agreed to a 40 hour week.

A comparison of similar classifications in the City of Midland establishes the following:

	City of Midland	County of Midland (Present Rate)
Mechanic	\$4.77	\$3.94
Heavy Equipment Operator	4.52	3.88
Tender Truck Operator (City) - similar to the Gas Truck Classifica- tion of the County	4.36	3.64
Refuse Collector (City) - Laborer (County)	4.11	3.53

The City of Midland is one of the wealthiest communities in the State of Michigan. When it is considered that the members of this bargaining unit live and work in the same locality as city employees and are faced with the same living costs, it is seen that they are at a serious disadvantage. Furthermore, like classifications at Dow Chemical Company pay 6.4% above City of Midland rates.

Since 1968, road commission employees have lost ground in a true economic sense. Their work week has been reduced from 45 hours (prior to 1968) to 40 hours under the proposed contract. The Union has agreed to the elimination of the cost of living factor. Although it does not dispute the actual revenue and expenditure figures submitted by the Road Commission, it cannot accept the Commission's argument that anticipated revenues for 1971 will be substantially lower than in prior years. If that is the case, the responsibility lies entirely with the Board of County Commissioners and it is

incumbent upon the members of the Road Commission to point out the substantial economic disparity between its employees and employees of the City of Midland and the adjacent county of Gladwin, all of whom have enjoyed much greater percentage increments than are being offered at this time.

In light of the Road Commission's argument that its revenues will be significantly less in 1971, the fairest approach to the 1972 pay schedule is to provide for a reopener at this time so that wages in the second year of the contract can be freely negotiated in light of actual revenues received, thereby eliminating some of the guess work being indulged in this year. If actual revenues received are as presently anticipated by the Commission, that matter will have to be taken into account in those negotiations. On the other hand, if actual revenues substantially exceed those presently projected, members of the bargaining unit have the right to have this fact reflected in the second year's wage schedule just as it will be in the third year of the contract.

#### POSITION OF THE ROAD COMMISSION

The Commission has offered an across-the-board hourly wage increase of 46 cents in the first year of the contract (1971), and an additional 17 cents an hour in the second year (1972).

The Road Commission agrees that comparisons are relevant in the setting of wages but believes that the Union has selected

unrepresentative samples in order to support its bargaining position. The City of Midland is one of the wealthiest communities per capita in the state and the fiscal position of that municipality is completely inapplicable to the Road Commission. The City can determine its own rate of taxation, and has already imposed a .4 mill tax increase. The Road Commission has a fixed income and must live within it. In the past, the Commission has enjoyed a direct appropriation of revenues from the Midland County Board of Commissioners. In 1967 and 1968, this appropriation totalled \$257,000 and in 1968, \$250,000. However, with the shift of political power from townships to cities, the Board of Commissioners has indicated that it will not make grants to the Road Commission without making proportionate appropriations to the municipalities. In 1970, the County reduced its appropriation to the Road Commission to \$100,000 and has advised the Commission that it will make no grant of Funds for 1971 or in future years. This has resulted in a decrease in revenues from \$1,826,787.64 for the year 1970 to an anticipated budget of only \$1,624,300 in 1971.

With the elimination of the direct appropriation from the County, the remaining sources of revenue for the Commission are:

State Funds

Matching Funds from Townships (these are negotiated each March and may vary)

Federal Funds (this is a relatively small figure and the funds anticipated for 1971 were actually expended in 1970 with the

result that no additional monies will be received from this source in the 1971 budget)

Voted County Millage (these taxes are imposed for a specific purpose or project)

Furthermore, interest earned on funds deposited will be reduced from almost \$21,000 to approximately \$10,500 because of the elimination of the county appropriation and the fact that lower interest rates are now being paid.

In its present wage offer, the Road Commission has recognized that members of the bargaining unit will sustain some actual loss of pay because of the reduction in the work week from 42.5 hours to 40 hours. This wage reduction is computed at 22.5 cents an hour and has been included in the 46 cent offer. In addition, it is also recognized that the elimination of the cost of living factor results in an actual loss to employees, and the Road Commission has agreed to add 7 cents an hour to the package to compensate for this item. The economic impact of other contractual agreements heretofore reached have been computed by the Commission at 6 cents per hour.

The Commission has no disagreement with the Union's argument that there are actually less employees working less hours per week now than in 1958. If the Union's demands are granted there seems to be no way to avoid further reductions in the work force because of limited revenues. From the beginning of these negotiations, the Commission has been cognizant of its fiscal limitations,

its obligation to the people of the county, and the need to retain the jobs of its employees.

The Union has compared the wage structure of only one county - Gladwin. In doing so, it argues only that the percentage increase in that county between 1968 and 1971 exceeds the percentage increase being offered to members of this bargaining unit. However, it should be noted that Gladwin County pays its employees significantly less than does the Commission. It is more appropriate to compare other county road commissions whose available revenues are close to those of Midland, or who are geographically in close proximity to this county. The last available state figures were for the year 1969, and on the basis of 25 counties so situated, the average available revenue for 1969 was \$1,828,571. While these figures may increase by some 5% in the current year, the anticipated revenue of the Commission for 1971 is \$1,624,300, a substantial reduction from 1969. In analyzing the hourly rates paid to laborers, heavy truck drivers, and motor grader operators in the 25 counties, the Commission's offer of 46 cents an hour results in laborers and motor grader operators of this unit receiving 47 cents an hour more than the average rate paid in the 25 county sample and heavy truck drivers receiving 42.5 cents more an hour.

Under the county's wage offer for 1971 and 1972, members of the bargaining unit will receive the following rates of pay:



Codes	1971	1972
2	4.51	4.68
3	4.40	4.57
4	4.34	4.51
5	4.28	4.45
6	4.21	4.38
7	4.15	4.32
8	4.10	4.27
9	4.04	4.21
10	3.99	4.16

The Commission believes that this is an excellent offer in a time of declining revenues and increasing unemployment.

The Commission believes that the 17 cent an hour offer for the second year of the contract should be adopted at this time. To reopen negotiations less than a year from now is both costly and time consuming and will result in renewed tensions and hard feelings among employees. These factors should be avoided by reaching agreement for second year wages at this time.

#### FINDINGS OF FACT

The record does establish that the Commission received \$150,000 less from Midland County in 1970 than had been received in 1971. Furthermore, it is undisputed that the Commission has been advised that it will receive no funds whatever as a direct appro-

priation from the County in 1971 or in future years. If this situation maintains, clearly the Commission's revenues will continue to be depressed for this and future years. The County concedes that its estimate of revenues for 1971 may be as much as \$50,000 off - one way or the other - but I think it should be recognized that estimates are usually computed on a conservative basis; both parties, I believe, expect that revenues for 1971 will actually exceed \$1,624,300.

There is merit to the Commission's argument that wages paid to employees of the City of Midland in like classifications should not be utilized for comparison purposes since that municipality is in an entirely different financial position than is the Road Commission. The city may well be able to pay its employees the sums shown without suffering the same economic pinch as the county would if like wages are granted. On the other hand, the Union's argument that its members are compelled to spend their dollars in the same market place as do Midland City employees and, therefore, are in a much less competitive economic position, cannot be denied.

The Road Commission indicates that the reason revenues for 1971, as anticipated, will be reduced approximately \$195,000 from those received in 1970 is that the Board of County Commissioners is completely eliminating the direct appropriation accorded the Road Commission in the past. The shift of political power from the county,

e.g., the townships, to the city of Midland and other municipalities, is the reason for this reduction. Apparently, the City of Midland does not require financial assistance from the County. If the only way possible for the payment of fair and competitive wages to the members of this bargaining unit is to obtain an appropriation from the County for that purpose alone, the members of the Road Commission must, I believe, more actively pursue revenues from the County for this purpose. The County Board of Commissioners must be made aware of the wage differentials between City of Midland and Road Commission employees in similar classifications. I take no issue with the apparent position of the Board of County Commissioners that the distribution of revenues should be on the basis of one man - one vote, but it is also essential that the wage requirements of county employees be given priority if the Road Commission is not able to pay at prevailing rates within the county.

On the basis of the 46 cent offer by the Road Commission, an employee classified in Code 10 - the lowest full-time classification - would appear to receive an approximate 13% increase, and an employee classified as Code 2 would seem to receive an 11.4% increment. If the County's argument that the 46 cent an hour offer is intended to represent a "catch-up" position for bargaining unit employees is accepted, it must also be recognized that 22.5 cents of this figure is actually applicable to the reduction in the work week from 42.5 to 40 hours, that 7 cents is offered in lieu of the

cost of living factor relinquished by the Union, and that 6 cents an hour has been computed as the economic consequence of other agreements previously reached in the new contract. In analyzing these 3 items, it is my belief that while 13 cents of the 46 cent offer may be properly considered as new wages, 22.5 cents is a break-even figure. Eliminating the break-even figure, new monies actually being offered under the County's proposal amount to approximately 6.7% for Code 10 employees and approximately 5.8% for Code 2 employees.

#### RECOMMENDATIONS

I do not believe that the Road Commission's offer of new monies for 1971 adequately compensates the members of this unit, and it is my recommendation that the across-the-board offer be increased by 9.5 cents an hour for a total of 55.5 cents, and that a wage reopener, as provided in the final year of the contract, be adopted for the second year. It is my belief that a reopener for the second year's wages is fair to both parties and will permit them to more accurately assess actual revenues subsequently received by the Commission.

DATED: July 26, 1971.

  
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Alan Walt  
Fact Findings Hearings Officer