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IN THE MATTER OF FACT FINDING

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between

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DETROIT OFFICE

LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

THE COUNTY OF OTSEGO

and

GENERAL UNIT, TEAMSTERS, LOCAL NO. 214, SC&MW

MERC FACT FINDING CASE NO: G89 L -0839

REPORT AND RECOMMENDATIONS OF THE FACT FINDER

The Michigan Employment Relations Commission, in response to a petition for Fact Finding by the Teamsters, Local No. 214, reviewed the application and concluded that the matters in dispute between the parties might more readily be resolved if the facts involved in the dispute were determined and publicly known.

The Fact Finder was contacted and appointed to conduct a Fact Finding Hearing, pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, and the Commission's Regulations, and to issue a report with recommendations with respect to the matters in dispute.

The Fact Finder contacted the parties to the dispute; a mutually agreeable date of May 24, 1990, was designated for the Fact Finding Hearing. The hearing was held in the Otsego County Courthouse in Gaylord, Michigan, on May 24, 1990. The hearing commenced at 9:00 A.M. and concluded at 11:30 A.M.

Representing the Parties:

Teamsters Local 214

County of Otsego

Dale J. Majerczyk,
Business Rep.
Teamsters Local 214
2825 Trumbull Avenue
Detroit, Michigan
48216-1297

Lambert Chard, County
Coordinator
225 West Main Street
Gaylord, Michigan 49735

Evelyn M. Pratt,
Union Stewart
Geraldine Norgan,
Union Co-Stewart

Douglas C. Johnson, Chairman
Personnel Committee
Commissioners:
Bette J. Crook
L. Bob Harden
John C. Rabout

Harry Bishop

Otsego County

Background

The Otsego County Board of Supervisors is responsible for providing a comprehensive array of services to meet the needs of the citizens of Otsego County and the State of Michigan. To meet these needs, the County employs several classifications of employees. Funding for wages and other employee benefits comes from general or special category revenues. Most employees, whether unionized or not, have received or will receive raises for the current year (1990). Wage increases for the majority of the county employees were in the four to five percent range. Exceptions to such percentage increases were made by the County Board of Supervisors for four administrators. Their percentage increases were higher--in some cases, considerably higher. The County Board defended higher increases as necessary to retain highly skilled administrative personnel. And, even with the higher percentage increases for these employees, similarly situated employees in surrounding counties had higher wages scales.

Financial Status of Otsego County

During the 1989 budget year, the County Board was forced to reduce expenditures by almost \$400,000.00 -- an amount equal to approximately ten percent of the total budget. It did so by reducing the funding for most departments and for many services provided by the county. The County Board is unable to maintain the level of service to the community that existed two years ago. All but one group of employees had a wage freeze for the 1989 calendar year.

Positions of the Parties:

Two issues were submitted to the Employment Relations Commission for dispute resolution. Accordingly, the issues before the Fact Finder are:

1. Wages
2. Employee Pension Contribution.

At the hearing, the wage and employee pension contribution issues were presented as one subject; this Fact Finding Report will do so, as well.

Wage and Employee Pension Contribution Issues

The Teamsters Local No. 214, SC&MW, a bargaining unit numbering fourteen, is comprised of clerical/technical employees in the various county offices, such as the Register of Deeds, County Treasurer, and County Court. The wage grid for these employees for 1989 was the same as for 1988; the bargaining unit agreed to a wage freeze for 1989, due to the difficult financial times. The 1988 and 1989 wage grid provides a uniform starting wage of \$4.50 per hour; it provides for raises ranging from \$0.75 to \$1.10

per hour in six months; it provides for raises ranging from \$0.20 to \$0.40 cents per hour in nine months; it provides raises on the first, second, and third year anniversary dates. At the end of the third year, the maximum (or journeyman) rate is established; it ranges from \$5.97 to \$8.41 per hour. At the present time, all employees are at the three year maximum (or journeyman) rate (Joint Exhibit 1).

Otsego County employees are covered by the Municipal Employees Retirement System (MERS). Employees contribute three percent of their first \$4200.00 in wages and five percent of all wages above \$4200.00. The County is responsible for contributing an equal amount toward the pension plan for each employee. At the present time, however, the County makes no contributions to MERS. In the past, the County, over a period of four years, made excess contributions to MERS. Consequently, the interest earned on the County's excess contributions is enough to cover the yearly cost of pension payments to MERS.

--Union's Position:

It is the union's position the hourly wage for unit employees should be increased six percent (6%) in 1990 and six percent (6%) in 1991. Alternatively, the union would accept a four percent (4%) increase for 1990 and four percent (4%) increase for 1991, if the employer would pay all but two percent (2%) of the employees' contribution to the pension plan (MERS) for 1990 and all of the employees' contribution for 1991.

--Employer's Position:

It is the employer's position the hourly wage for the unit should be increased four percent (4%) in 1990 and four percent (4%) in 1991, with employee contributions to the pension plan to remain the same.

--Discussion:

The difference in cost between the Union's position and the County's position is \$11,893.00 over the duration of a two year agreement. The Union points out this amount of money is less than four tenths of one percent of the total 1990 budget (Union Exhibits 1 and 7). The wages paid these employees of the County of Otsego are lower than those paid to similarly situated employees in other counties (Union Exhibit 1 and 2). In addition, in the majority of the counties in the surrounding Northern Michigan area the counties' contributions to the pension plan is one hundred percent (100%); employees in these counties do not have to pay a portion of their wages to the pension plan (Union Exhibit 1 and 2).

The County claims it can't agree to the Union's demands because of continuing financial difficulties--an operating budget that is ten

percent less than its normal revenue level. In addition, it claims that the employment market conditions don't show a need to raise wages for employees in this bargaining unit. Further, to support its position that market conditions don't warrant a greater increase for these bargaining unit members, the County claimed that if it advertised an opening for employment for any of the bargaining unit positions, twenty-five to thirty applications would be received for entry level wages of \$4.50 an hour. On the other hand, greater percentage increases for several administrative positions were justified on the basis of market conditions. The county claimed it could not keep or attract competent people in these positions without raising the salary level.

Employee market value is the argument of both the Union and the County, although each approaches the subject from differing viewpoints. The Union established through exhibits submitted at the fact finding hearing that employees of Otsego County fare less well than those in the surrounding comparable counties. The County did not rebut these exhibits, nor did it submit an exhibit to show lower wages paid to private or public sector employees in comparable positions. Instead, the claim was made that it could attract many applicants for positions at the entry level wage of \$4.50 an hour.

The County's position on employee market value is less compelling. This conclusion is based only in part on the exhibits submitted by the Union. The primary reason for finding the County's position on employee market value less compelling is that the County established, through its wage grid in collective bargaining agreement with the Union (Joint Exhibit 1), that it takes at least three years of on-the-job training before an employee reaches the top wage or journeyman level. An hourly worker who has learned the trade and is fully proficient is considered to have reached journeyman level. Consequently, although the County may indeed find many applicants for entry level positions, such applicants, if hired, would not be fully proficient in their duties for three years, according to the County's own contract standards.

Because the final audit for 1989 was not complete or available by the date of the Fact Finding Hearing, the present financial status of the County of Otsego is not known. Testimony offered by the County at the hearing alluded to perhaps as much as a \$50,000.00 fund balance for 1989 year. It is regrettable that the final audit was not available time to determine precisely how much money, if any, is in the fund balance. In any event, the County pointed to urgent needs and uses for any money that may be in the fund balance.

It is regrettable that impasse on these issues was reached. Certainly, the parties believe they are justified in the positions they have taken. The County wants their employees to know they are doing all they believe they can do, in good conscience, in this

situation. The employees want their efforts and contributions appreciated by the employer and the public; they believe their position is fair and equitable. Unfortunately, the parties have not been able to reach an agreement on the disputed issues. Consequently, the Fact Finder offers, as a recommendation, a compromise to resolve this impasse.

--Recommendation:

--It is recommended the wage grid for the bargaining unit be increased by four percent (4%) for 1990 and four percent (4%) for 1991, rounded off to the nearest cent, effective January 1, 1990.

--It is recommended the employee contribution to MERS for employees in the bargaining unit be limited to three percent (3%) of their total wages earned after June 30, 1990. The County is to assume all costs over three percent (3%) of payroll, effective July 1, 1990.


Harry W. Bishop, Fact Finder

Dated: June 2, 1990

LIST OF EXHIBITS

Joint Exhibit

- #1 - Agreement Between County of Otsego and Teamsters State, County and Municipal Workers, Local 214 (January 1, 1989-December 31, 1989)

Union's Exhibits

- #1 - Wage and Benefit Survey, Counties within Population Range 10,000 - 49,900: Area Counties
- #2 - Wage and Benefit Survey (Data Effective 1/1/89)
- #3 - Wage and Benefit Survey, Counties within Population Range 10,000 - 49,999
- #4 - 1990 Salary Schedule, Otsego County
- #5 Gaylord Herald Times, April 12, 1990 News Item Re: Raises granted by Otsego Board of Commissioners to sheriff and undersheriff
- #6 - Union's Cost Analysis, Employer vs Union Position
- #7 - Otsego County 1990 Departmental Budget