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BUL. OF EMPLOY. RELATIONS  
DETROIT OFFICE

In the Matter of Fact Finding

-between-

**Pontiac General Hospital**

-and-

**Professional Registered Nurses Organiza-  
tion**

Case No. G-1581

Date: November 8, 1988

  
Edward Simpkins, Fact Finder

Pontiac General Hospital

LABOR AND INDUSTRIAL  
RELATIONS COLLECTION  
Michigan State University

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Background

On August 4, 1988, Pontiac General Hospital, an Employer for certain members of the Professional Registered Nurse's Organization, filed a petition for fact finding with the Michigan Employment Relations Commission. The Employer's petition stated that (1) A tentative agreement was reached on May 19, 1988 and rejected in a ratification vote on May 19, 1988 by a 244 to 11 vote. (2) Mediation was continued and a new tentative agreement was reached on July 14, 1988 (and was subsequently rejected) by a 173 to 44 vote. (3) Mediation continued with no resolution. The main issue appears to be wages with the membership expecting a larger than appropriate increase. The Employer's petition went on to request fact finding for the purpose of determining whether both parties negotiated a fair agreement that is competitive in the health care market.

On September 2, 1988, the Michigan Employment Relations Commission appointed the undersigned as fact finder and agent for the purpose of scheduling a hearing on the matters in dispute and upon concluding the hearing issuing a report to each of the parties.

A conference was held with the parties on September 13, 1988 at Pontiac General Hospital. It was agreed that we would proceed with a hearing on September 23 and September 27, and that the only outstanding matters before the fact finder would be economic.

The Hearing Proceeding

The hearing was conducted at PGH on September 23 and 27 as previously scheduled. The parties submitted three exhibits jointly. (See Appendix B). In addition there were seven submissions by the Employer and ten submissions by the PRNO. Les Stauske and Karen Amen testified for the Employer and Katie Campbell and Kitty Magnan testified for the PRNO. The hearing closed on September 27 and the parties agreed to submit briefs that would be postmarked no later than October 31. Briefs were exchanged and received in the office of the fact finder as scheduled.

The parties also agreed that the fact finder should prepare a report that answers the following question: Were the tentative agreements on wages fair and reasonable, and did such agreements merit adoption by the parties?

### The Employer Exhibits

The Employer made the first presentation. Stauske presented seven exhibits. Employer (X1) and (X2) were salary surveys. Exhibit 1 was prepared by the PRNO. Exhibit 2 was prepared by PGH.

Exhibits 1 and 2 sometimes show a lack of agreement between the parties with respect to the facts. They could not agree as to when the Beaumont Top Start Minimum Wage actually begins. They also could not agree as to the length of time required to earn the maximum salary at Beaumont. A second difference is noted in the case of Holy Cross. In this instance there is a difference regarding the amount of the Top Start Minimum Wage--again a factual matter. Also with regard to Holy Cross there is a difference regarding the length of service required in order to earn the maximum salary. Similarly, in the instance of Harper Hospital, the parties advance different Top Start Minimum Wages.

Also of some importance is the fact that PRNO reported no data for several hospitals. However, since PRNO did not object to these exhibits, the fact finder, despite the data discrepancies, elected to use Employer Exhibit 2 because it reports in more detail and appears to be the more reliable document on the question of registered nurse ranges and top start rates.

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#### RN RANGES AND TOP START RATES

EXPERIENCE	MIN	MAX	EFF/DATE	TOP START
BEAUMONT	11.20	14.90	11/87	Unknown
BOTSFORD	12.18	14.54	1/88	14.54 Not Fixed
CHILDREN'S	11.54	15.34	5/88	13.45 Not Fixed
CLINTON VALLEY	10.58	13.71	10/87	13.71 Not Fixed
CRITTENTON*	10.82	14.00	7/87	13.02 6 yrs
DETROIT RECEIVING	12.10	15.80	3/88	14.50 Not Fixed
DETROIT RIVERVIEW	12.05	15.20	4/88	13.53 4 yrs
GRACE	11.54	17.32	3/88	14.43 Not Fixed
HARPER	12.00	17.31	5/88	14.42 Not Fixed
HAVENWYCK	11.01	14.00	2/88	11.56 2 yrs
HENRY FORD	12.38	15.63	1/88	14.01 Not Fixed
HOLY CROSS	11.32	14.72	2/88	14.03 7 yrs
HURLEY	12.93	14.93	1/88	14.93 5 yrs
HURON VALLEY	11.20	15.70	1/88	13.45 Not Fixed
HUTZEL	12.00	17.00	3/88	14.50 Not Fixed
MACOMB HOSPITAL	11.85	15.00	4/88	13.43 Not Fixed

MT. CARMEL	12.00	13.64	7/87	13.31	10 yrs
OAKLAND COUNTY	10.02	13.03	1/88	13.03	Not Fixed
OAKWOOD	11.67	14.50		14.50	8 yrs
PCHA	12.15	14.55	2/88	14.55	Not Fixed
POH**	11.56	13.80	7/87	12.63	2 yrs
PROVIDENCE	11.42	15.00	10/87	13.86	4 yrs
SINAI	12.35	16.00	5/88	14.18	Not Fixed
ST. JOE/MT.CLEMENS	11.15	14.93	8/87	13.04	6 yrs
ST. JOE/PONTIAC	11.67	16.60	1/88	12.75	5 yrs
WESTLAND*	11.01	13.00	7/87	12.09	Not Fixed

AVERAGE:	11.60	15.01		13.66	
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PONTIAC	GENERAL	\$11.31	\$13.39	\$13.00
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DIFFERENCE	(-)\$ .31	(-)\$1.62	(-)\$ .66
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\*Currently Negotiating

\*\*New rates will not be determined until mid July

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### Employer Exhibit 2

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Employer (X4) is a copy of the 1988 working amendment between PGH and PRNO. It was prepared some time in April, 1988 and was useful in preparing Appendix A which is included at the end of this report.

Employer (X5) is a letter from Runyan to James P. Greene regarding Employer (X4), the first tentative agreement. Runyan informed Greene that the agreement, Employer (X4), is scheduled for a ratification vote on May 19, 1988. Also of importance is a flyer which was attached to the letter. The flyer, from Kathleen Campbell to members of the bargaining unit, details the benefits that have been negotiated and recommends ratification of the tentative agreement.

Employer (X6) is the second tentative agreement between the parties. It is different from (X4) in the wage proposal and, of course in the date when it was issued, June 28, 1988. Significantly, this agreement carries the signature of four members of the PGH Board of Trustees as well as the signatures of two representatives of the PRNO. Along with the schedules in (X4) the schedules in this exhibit were used in preparing Appendix A.

Of the seven submissions by the Employer, Exhibits 2, 3, 4, 5, and 6 were found to be factual, relevant and useful in formulating a recommendation on the question at issue. Exhibit 1 listed certain comparable hospitals for which no data were provided. It was found to be unreliable. Exhibit 7 was derived from (X1) and (X2) and was unreliable because it was based, in part, on (X1).

The Union Exhibits

Union (X1) was useful and relevant to the question. Testimony in support of its submission revealed that the negotiations between PGH and PRNO from the beginning were "plagued by the belief among some that more than five percent in monies was available," to quote directly from some of the testimony in the case. There was also testimony to the effect that higher expectations exist among nurses new to the profession with respect to wages and a sensitivity is found among them with respect to historic inequities in professions dominated by women.

The exhibit (X1) is a copy of an article that appeared in the Oakland Press the week of May 16, 1988. Written by Diana Dillaber, the article is headlined "Pontiac General Earns Big Profit." It stated in part that (1) Pontiac General Hospital showed a 9% increase in profits in 1987. (2) The majority of Michigan's hospitals saw a significant drop in net income after expenses. (3) Pontiac General expects to begin experiencing a downturn in income in 1988. (4) Of twenty-seven Michigan hospitals reporting their 1987 net income and revenues to the U. S. Health Care Financing Administration, all but Pontiac General and four others showed a loss of net income in 1987.

In addition a second article appeared in Craine's Detroit Business on June 20, 1988. It was written by Steve Raphael and carried the headline "Profits Dip at Area Hospitals." The subhead read "1988 and 1989 are Expected to be Worse." Of importance is a statement in the article that reads, " . . . The leader in the group of twenty-five was Pontiac General Hospital in Pontiac, which reported net profits last year of 6.1 million, an increase of 259% over the previous year."

Both articles used the published chart below (columns 1-5), which was prepared from data put out by the U. S. Health Care Financing administration, Department of Health and Human Resources.

1987 Detroit Area Hospital Net Income  
and Revenues (in \$millions, compared to 1986)

HOSPITAL	Income 1987	1986	Revenues 1987	1986	%incr over '86	Revenue Status
U.M.	23.1	25.9	328.6	292.0	-10.81%	12.53%
Beaumont	21.4	23.1	242.7	223.0	-7.36%	8.83%
Oakwood	12.6	11.5	147.8	123.2	9.57%	19.97%
St. Joe-AA	11.3	12.9	169.0	157.3	-12.40%	7.44%
St. Joe Mt.Cl	10.8	8.9	77.3	73.7	21.35%	4.89%
Ford	9.8	11.5	414.3	379.6	-14.78%	9.14%
St. John	8.3	9.0	141.0	132.7	-7.78%	6.26%
Det Rec	7.1	15.5	112.6	105.4	-54.19%	6.83%
PGH	6.1	5.7	66.7	62.0	7.02%	7.58%
Bon Secours	5.3	6.4	58.8	57.0	-17.19%	3.16%
Sinai	4.0	12.5	154.3	150.0	-68.00%	2.87%

HOSPITAL	Income 1987	Revenues 1986	Revenues 1987	%incr 1986 over '86	Revenue Status	
Providence	3.5	16.3	133.0	125.6	-78.53%	5.89%
St. Mary	3.0	6.7	50.1	50.7	-55.22%	-1.18%
Grace	2.7	2.5	84.8	73.9	8.00%	14.75%
Crittenton	2.5	58.7	60.8	58.8	-95.74%	3.40%
Hutzel	1.5	3.2	106.5	101.6	-53.13%	4.82%
Mt. Carmel	1.4	4.0	105.4	106.0	-65.00%	-0.57%
St. Joe-Pon	1.3	4.7	112.0	103.6	-72.34%	8.11%
Children's	1.3	2.0	76.5	74.8	-35.00%	2.27%
Mt. Cl Gen	1.2	2.6	50.3	47.6	-53.85%	5.67%
MOMC	1.2	0.017	60.6	59.0	6958.82%	2.71%
Botsford	0.532	3.0	62.0	59.3	-82.27%	4.55%
Samaritan	-10.9	-8.0	57.5	60.4	-4.80%	-4.80%
Harper	-6.1	-2.3	185.0	183.2	165.22%	0.98%
Wyandotte	1.1	2.3	60.5	55.6	-52.17%	8.81%
Macomb	0.279	5.3	103.3	101.7	-94.74%	1.57%
POH	4.0	6.3	66.4	64.0	-36.51%	3.75%

Using the data in columns 1-4 of the above chart, the fact finder developed columns six and seven which are discussed under findings. But a casual reader may not note under income that the 9% increase in profits reported in the Dillaber article, for example, is not supported by this chart. Nor is it derivable from the chart. So the exhibit is accepted not so much for its accuracy as for its relevance in influencing the ratification outcomes. It should also be noted that the Raphael article uses different figures in reporting on the PGH income.

Union (X3) is a document that was prepared by the PRNO and shows the total number of bargaining unit employees as of October 1, 1987 at each step on the wage schedule.

<u>Step</u>	<u>Number</u>
Start	53
2080	33
4160	35
6240	38
8320	36
10400	164
Total	359

The exhibit also shows that among bargaining unit employees with 10400 hours, 42 nurses have actually worked 15600 hours; 20 nurses have worked 20800 hours and 10 nurses have worked 31200 hours. A second page of this exhibit shows what the increases per hour will

total at the various steps on the wage schedule given the PRNO regular in-grade increases.

It is informative and relevant. It shows that in-grade progression over two years would yield a built in increase of 1.8%. Approximately 54% of the unit would receive in-grade increases while 46% of the unit depends entirely upon negotiated increases for wage improvements.

Union (X4) shows a difference between the average top starting salary among hospitals that were surveyed and the top starting salary at Pontiac General. It makes the same comparison between the average top maximum salary and the maximum salary at Pontiac General. The Union (PRNO) concludes that for PGH employees an increase of 10.2% would be required to reach the average starting salary and an increase of 10.8% would be required to reach the average maximum salary in this selected population.

Union (X5) shows the results of a survey taken by the Employer. This exhibit shows that Beaumont increased its minimum salary by 3% in February, 1987 and by another 2.8% in November, 1987. In addition it shows that among other increases, St. Josephs increased its starting salary by 2% in January, 1987 and by 7.2% in January, 1988; Huron Valley, similarly, increased its starting salary by 9.8% some time between March, 1987 and January, 1988. The exhibit is relevant.

Union (X6) indicates that salaries at Pontiac General require an increase of 3% to reach the average minimum salary and 14% to reach the average maximum salary among the selected population.

Union (X7) shows the difference between the negotiated rate and the PGH survey. PGH would need to add 5% to the rate to obtain equal pay. At the maximum the exhibit shows that under the negotiated rate PGH would be over the maximum salary. The Union cautions that the data in the survey are 1987 data for all hospitals except PGH. For PGH 1988 data are used.

Union (X8) shows that if PGH data are used for 1989, PGH Employees would earn above the average minimum salary by .24 and below the average maximum salary by .62. If PRNO data are used when looking at the average maximum, the PGH Employee would fall below the average by .68 and below the average minimum by .44.

Union (X9) is of no use for it is not the Consumer Price Index Summary (CPI-W) used in determination of wage standards.

Union (X10) shows a ten year comparison between the starting wage and the change in the Detroit CPI. The chart shows that for two periods in 1986 and for 19 periods in 1987-88 the PGH starting wage exceeded or roughly equaled the CPI increase. For the last two periods in July, 1988, it was less than equal to the CPI increase. The exhibit also shows that for 97 out of 100 periods in the years from January, 1978 to July, 1986, the PGH starting salary failed to



keep pace with changes in the cost of living by amounts ranging from five dollars to nearly three hundred dollars.

### Findings and Conclusions

Given the data presented, were the tentative agreements on wages fair and reasonable and did such agreements merit adoption by the parties?

The Fact Finder believes the answer is affirmative.

PRNO has made a case for a wage improvement and it has received a wage improvement. The improvement is significant, fully approximating the profit increase which appears to be closer to seven percent than to nine percent. Looking at its needs alone, PRNO believes a higher improvement than the improvement agreed upon is justified. The Fact Finder does not believe that the facts support this perception. Looking at the Employer's case, the argument for a lesser improvement can also be justified. For this reason a compromise has occurred, which is usually what happens in such instances.

Compromise is the very foundation of collective bargaining. Parties who must go on working together must reach compromises.

The question that was to be answered contains the phrase "fair and reasonable" as well as the word "merit". These are perceptual concepts which is to say that they are in the eye of the beholder. Persons who are not at the bargaining table perceive their needs in the absence of anyone else's needs. Those actually engaged in the bargaining process must submit to having their perceptions of their entitlements altered by the needs of the opposing party.

Even when parties have the facts on their side along with irrefutable arguments neither the facts nor the arguments are controlling in ongoing labor relationships. What is controlling is the relationship itself which can only be sustained by a willingness to compromise where agreement is not otherwise forthcoming.

In the instant case we do not have a situation that rests on a one-sided fact situation or on irrefutable arguments.

The articles published in Craine's Detroit Business and in the Oakland Press, for example, may appear factual enough but they are weak foundations for bargaining. The chart that is displayed differs from the text of the article in the amount of profit quoted. The impression is given that PGH made more profit than most hospitals when it appears from the data to have only increased its profit margin over 1986 more than most hospitals. One paper puts the PGH 1986 income at 5.7 while the other using the same data, supposedly, states that the 1986 income was 1.7. One announces the level of profit in 1987 over 1986 to be 9% and the other announces the level of profit for the same period to be 259%.

Actually the raw increase appears from the data to be \$400,000, or slightly more than 7%. Even if we ignore the flawed reporting of the facts, using increased profit margins as these articles do distorts the economic health of area hospitals greatly. U. M., for example, can easily sustain a decline in profits of 10.81% and be much more profitable than PGH. Detroit Receiving sustained a drop in profits of 54% but was still more profitable than was PGH. It is significant that despite what the headlines read in the Dillaber article, only Samaritan and Harper Hospitals performed below their 1986 levels although nearly all hospitals in the area performed more poorly in 1987 than in 1986. Looking at the chart as a worksheet, and ignoring columns 6, and 7, it is easy to see that hospitals face a worsening situation in the Michigan economy although for the present nearly all of them seem to be operating in the black. Beyond this conclusion the chart has little real applicability.

The Fact Finder notes that these articles were not prepared for collective bargaining and that the Craine's article cannot be interpreted, except in the most convoluted way, as viewing the economic picture at PGH optimistically. The article is gloomy with respect to the hospital's immediate future and guarded with respect to the recent profitable year. In contrast, the Oakland Press article, the headlines excepted, is ecstatic about the present at PGH and guarded about the future.

A similar mood existed in the negotiations between the parties. There is an awareness that the year ended profitably and that improvements are in order. The Employer perceived the range of improvement that it could afford to be 3% across the board with some adjustments above this level in selected instances. This was rejected and the Employer in the spirit of compromise altered its perceptions. It worked out an agreement which provides the PRNO membership with an adjustment to the salary schedule of 12.5%. (See Appendix A)

As the PRNO has argued in its brief (pp. 8-9) the adjusted salary will still leave some hospital top start rates above that at PGH. But it is also true that the top start rate at PGH will, as a result of this agreement, pass the top start rate of some hospitals in the area. The Employer has argued, persuasively, that many employees who are not at the maximum will receive in-grade increases as well as the negotiated increases, a fact which the PRNO acknowledges and estimates to be approximately 1.8%. These are real dollar benefits and in proposing their acceptance, the PRNO bargaining team acted in the same spirit of compromise that characterized the Employer's willingness to adjust its earlier perceptions.

When the parties have negotiated as thoroughly as these parties have, a Fact Finder has nothing to add beyond an affirmation of their efforts.

It is the Fact Finder's recommendation that the PRNO ratify the agreement that remains before it and that any remaining issues be made a part of subsequent negotiations between the parties.

  
Edward Simpkins, Fact Finder

# APPENDIX A

BASE	SCHEDULE 1		SCHEDULE 2		SCHEDULE 3		SCHEDULE 4	
	%CNG	hourly	hourly	%incr	hourly	%incr	hourly	%incr
Start	11.31	3.01%	11.65	1.03%	12.36	5.01%	12.73	2.99%
2080	11.88	3.03%	12.24	0.98%	12.99	5.10%	13.38	3.00%
4160	12.20	3.03%	12.57	1.03%	13.34	5.04%	13.74	3.00%
6240	12.60	3.02%	12.98	1.00%	13.77	5.03%	14.18	2.98%
8320	13.00	3.00%	13.39	0.97%	14.20	5.03%	14.63	3.03%
10400	13.39	2.99%	13.79	1.02%	14.63	5.03%	15.07	3.01%
15600			14.20	0.99%	15.07	5.09%	15.52	2.99%
20800							15.99	
ANNUAL SALARY CHANGE BY ABOVE SCHEDULES								
								%incr ovr base
Start	23524.80	24232.00	24481.60	25708.80	26478.40	12.56%		
2080	24710.40	25459.20	25708.80	27019.20	27830.40	12.63%		
4160	25376.00	26145.60	26416.00	27747.20	28579.20	12.62%		
6240	26208.00	26998.40	27268.80	28641.60	29494.40	12.54%		
8320	27040.00	27851.20	28121.60	29536.00	30430.40	12.54%		
10400	27851.20	28683.20	28974.40	30430.40	31345.60	12.55%		
15600		29536.00	29827.20	31345.60	32281.60			
20800					33259.20			

## Appendix B

<u>Submissions</u>	<u>Exhibit</u>	<u>No.</u>
Employer	Staff Nurse Wage Survey	1
	Staff RN Ranges and Top	
	Start Salary	2
	Greene Letter to Runyan	3
	April Tentative Agreement	4
	Runyan Letter to Greene	5
	June Tentative Agreement	6
	Wage Comparison	7
PRNO	<u>Oakland Press Article</u>	1
	<u>Craine's Detroit Business</u>	2
	PRNO Information Prepared	
	by PGH	3
	PRNO Survey	4
	Percentage Increase Survey	5
	Wage Comparisons	6
	Wage Comparisons	7
	Wage Comparisons	8
	CPI Data	9
	Wages and Inflation Compari- son	10