

FF 3/26/73

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Pursuant to Act 176 of the Public Acts of 1939, as amended, State of Michigan

Fact Finder:

Mark L. Kahn
Professor of Economics
Wayne State University

SE R R
Roubaux
3/30/73

In the Matter of a Labor Dispute

Between

Roscommon County Road Commission
Roscommon, Michigan

and

Roscommon County Road Commission
Employees Association, repre-
sented by Teamsters Local 214

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REPORT WITH RECOMMENDATIONS

of

Fact Finder

Hearing held February 1, 1973
Roscommon, Michigan

For the Road Commission

Appearances:

Charles H. Miltner
Attorney
Cadillac, Michigan

Maurice Higgins
Engineer-Manager

Also Present:

Marie Bailey
Secretary

Mary Mollon
Clerk

For the Employees Association

Appearances:

Joseph Valenti
President
Teamsters Local 214

G. N. McIlvain
Secretary-Treasurer
Teamsters Local 214

Also Present:

Anthony F. Marok
Administrative Aide
Teamsters Local 214

Roscommon County Road Commission

REPORT OF FACT FINDER

On November 17, 1972, the Roscommon County Road Commission Employees Association, represented by Teamsters Local 214 (2801 Trumbull Avenue, Detroit, Michigan 48216), requested the Michigan Employment Relations Commission to appoint a fact finder on matters in dispute between the Association and the Roscommon County Road Commission, Roscommon, Michigan.

The Commission, on January 3, 1973, appointed the undersigned to serve as fact finder for this dispute. A hearing was conducted on February 1, 1973, at the premises of the Road Commission in Roscommon. Each party had a full opportunity, during this hearing, to present evidence and argument on behalf of its position. Subsequently, in accordance with arrangements established at the hearing, additional information and argument was supplied to the fact finder in letters from the Commission and the Association (with enclosures) dated February 19, 1973. Comments by the Association on the Commission's February 19th statement were submitted under date of March 1, 1973. The undersigned, on March 5, 1973, advised the parties that he would consider the record closed if nothing more was heard from either party by March 8, 1973. Nothing further has been received.

Background

The Association and the Commission are parties to a three-year collective bargaining Agreement effective June 18, 1971. Both parties agree, and so stipulated at the hearing, that this Agreement is subject to an annual reopening on wages. The Commission maintains, however, that the effective date for the 1972 wage adjustment should be July 1, 1972, whereas the Association contends that the adjustment should be retroactive to June 18, 1972.

Employment in the bargaining unit averages about 39 (it was 41 last September and 33 on February 1, 1973). Their regular work week under the Agreement consists of five nine-hour days, or 45 hours per week. The Road Commission is, of course, responsible for "the maintenance, improvement, construction, reconstruction, acquisition and extension" of the primary and local road systems in Roscommon County.¹

1. The quotation is from Act 51, Michigan Public Acts of 1951, M.S.A. 9.1097 (12), Section 12 (b) and (c).

On October 20, 1971, the Teamsters' State County and Municipal Workers Local 214 became the representative of the Association through an affiliation agreement. On March 24, 1972, Local 214 (hereinafter called "Union") initiated bargaining on the 1972 wage reopening in a letter to the Commission containing the following proposals:

1. Wages - 50¢ per hour increase.
2. Hours reduced at quitting time one hour each year commencing with Friday, then Thursday, etc. until we have reached a 40 hour week, with no reduction in pay.
3. Time and one-half for all overtime
4. Holidays: all day the day before Christmas and Good Friday.

Under the Agreement as negotiated in 1971, overtime is at straight-time rates of pay. (The above holiday proposal has since been dropped and is not at issue here.)

The Commission's final written offer was contained in a letter to the Union (and the State Mediator) dated September 26, 1972:

The Roscommon County Road Commissioners, being unable to authorize a pay increase of more than the 5¢ an hour offered, have agreed to reduce the work week by two hours, i.e. so as to have 8 hour days on Thursdays and Fridays and to make these changes retroactive to July 1, 1972. They will authorize a pay increase at the rate of time and a half for all overtime worked above the revised work week.

The Commission stated (at the fact-finding hearing) that it would have agreed to a retroactivity date of June 18, 1972, if its offer had been accepted by the Union at that time. The Commission points out that its offer of five cents per hour along with a reduction in weekly hours is the equivalent of an increase of 12 cents per hour for a 44-hour work week and of 21 cents per hour if the work week is cut back by two hours to 43 hours. The Commission estimates the cost of retroactivity under its offer to July 1, 1972, at \$18,000 through December 31, 1972 (including pay at time and one-half for the 44th and 45th hours worked each week plus fringes, administration and overhead).

Both parties agree that the pertinent comparisons are with the six counties adjacent to Roscommon. Relatively comprehensive data have been supplied for these six counties for 1972-73, the basic source being a "Summary of Employee Contract Provisions for Michigan County Road Commissions" issued by the County Road Association of Michigan and prepared by Earl F. Rogers of Lansing, Michigan (with data as of September 15, 1972). Each party has also supplied data on hourly rates for the major job classifications in effect since 1969 at Roscommon and the other six counties. Neither party could locate wage data for the year 1968-69.

The final position of the Union based on all of the data submitted (as stated in its letter dated March 1, 1973) is that it "would be willing to accept a 28.9 cent per hour adjustment for the year 1972 and a reduction to forty-three (43) hour work week."

The following table summarizes pertinent information for the six surrounding counties for the current 1972-73 fiscal year and for Roscommon County as during 1971-72 and in effect until the present dispute is settled:

COUNTY	Weekly hours	Hourly Wage Rates			
		Truck Drivers		Heavy Equip- ment Operator	Mechanic
		Light	Heavy		
Clare	40	\$3.95	\$4.00	\$4.10	\$4.12
Crawford	44	3.43	3.56	3.70	3.81
Gladwin	45	3.99	4.09	4.19	4.29
Missaukee	40	3.55	3.55	3.65	3.80
Ogemaw	45	3.40	3.55	3.70	3.80
Oscoda	45	3.55	3.61	3.68	3.80
-----*	-----	-----	-----	-----	-----
Roscommon	45	3.25	3.30	3.40	3.50

*1971-72 (and in effect pending settlement of current dispute).

With the use of comparable wage rate data for 1969(-70), 1970(-71), and 1971(-72), and using a simple (unweighted) average (arithmetic mean) of these four classifications at the six surrounding counties as a group, and of these four classifications at Roscommon, I show the following historical relationships:

YEAR	SIX COUNTIES			ROSCOMMON COUNTY				
	Aver. Hrly Wage Rate	Wage Incr.		Aver. Hrly Wage Rate	Wage Incr.		Difference	
		\$	%		\$	%	\$	%
1969	\$3.10			\$2.96			-.14	-4.5
1970	3.38	.28	9.0	3.16	.20	6.8	-.22	-6.5
1971	3.57	.19	5.6	3.36	.20	6.3	-.21	-5.9
1972	3.79	.22	6.2	?			?	?

Thus, the six surrounding counties have granted average increases since 1969 of sixty-nine cents per hour (calculated on the above-noted basis). Roscommon's increased by an average of forty cents per hour from 1969 through 1971.

The Commission submits that the statutory formula governing the size and allocation of its revenues limits the funds that can be used for local road main-

tenance "and the limits of that amount have already been reached this year in Roscommon County." Hence, says the Commission, the increase of five cents per hour offered by the Commission is the most it can offer within the limitations of law for 1972-73. The Commission observes that it has experienced an above-average expansion of local road mileage -- because of the proliferation of plats around the three large lakes in Roscommon County -- for which the applicable statutes do not provide adequate increases in funds. Nevertheless, according to the Commission,

. . . Roscommon County has kept pace with the advances in rates and fringe benefits substantially in proportion to those adopted by its neighboring counties and exceeded them in some respects, notably in the vacation, sick and holiday time provisions and in the retirement, social security provisions.

The Commission emphasizes that by combining a two-hour reduction in the work week with its proposed increase of five cents per hour, the result is an increase in the average hourly rate for 1972-73 of 21 cents per hour.

The Union, relying on data in the County Road Association (Rogers) compilation, disputes the Commission's contention that Roscommon's fringe benefits are substantially higher than in the surrounding counties. The Union asserts that the statutory provisions relied on by the Commission as limiting the possible wage improvement apply equally to the surrounding counties, yet these other counties have been able to pay higher wage rates and improve wages more than at Roscommon.

Discussion

I have summarized, above, the salient facts and the major contentions of each party. My analysis of this dispute and recommendations are, of course, based on the record as a whole.

Data submitted by the Commission on fringe benefits as a percentage of payroll for Roscommon and five neighboring counties (Oscoda was not available), and the fringe benefits information contained in the Rogers compilation, fail to support, in my judgment, the Commission's claim that Roscommon's fringe benefits are sufficiently higher to justify lower wage rates. The Commission states that Roscommon's fringes cost about 36 percent of payroll. Gladwin and Missaukee Counties, according to the Commission, provide fringes at 37 percent of payroll; Clare and Ogemaw at 34 and 33 percent, respectively; and Crawford at an out-of-line 27.6 percent. Oscoda, which did not provide percentage cost data, appears from the Rogers compilation to offer fringes comparable to Roscommon (one less

paid holiday, but more generous sick leave accumulation and payoff provisions). I recognize that the cost of any given set of fringe benefits varies with the age and length-of-service distribution of the employees (about which I have no information in the record). In any case, the information on which I must rely shows Roscommon to be roughly comparable in fringes to the surrounding counties as a whole.

I share the Commission's concern about the above-average relative growth in local roads experienced by Roscommon County and the County's need for a third garage. On the other hand, I find no justification in the record for the relative slippage in wage rates in Roscommon County since 1968 compared to the Road Commissions in neighboring counties. My recommendations must, of course, be designed with economic realities in mind, and I have examined the pertinent financial data and the applicable statutes in this connection. Although the statutes obviously do place certain constraints on the allocation of Commission revenues, it is also important to note that these revenues have been increasing. The Commission does not dispute the Union's assertion that this increase averages about seven percent annually. Roscommon's actual revenue increase from calendar 1971 to calendar 1972, when revenues were a total of \$686,300, was 11.8 percent, and it seems reasonable to presume that 1973 calendar year revenues will exceed 1972 revenues.

Recommendations

Considering employee equities in light of financial resources, I have concluded that the Commission should grant -- by means of both a general increase of thirteen cents per hour and a reduction in the work week to 43 hours -- a total increase of twenty-nine cents per hour in the rate for each classification. This increase should be effective as of July 1, 1972, so as to fall within the current fiscal year; and the forty-fourth and forty-fifth hour worked each week since July 1, 1972, should be paid for at time and one-half in the computation of retroactive pay.

Based on the unweighted average of the classifications used for computation purposes on page 3, above, this recommendation will produce a Roscommon average of 3.65 for 1972-73, fourteen cents below the \$3.79 average in the surrounding counties or the same absolute differential as existed during 1969-70. I have recommended a uniform cents-per-hour increase for each classification because

the offer of the Commission as well as the last proposal of the Union took that form. Based on my averages as shown on page 3, the recommended wage adjustment is an increase of 8.63 percent, of which 4.76 percent is attributable to the two-hour reduction in the work week and 3.87 percent comes from the general increase of thirteen cents per hour.

I earnestly hope that the parties will find in these recommendations an appropriate and acceptable basis for their 1972-73 wage settlement.

Mark L. Kahn
Mark L. Kahn
Fact Finder

DATED: March 26, 1973