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STATE OF MICHIGAN - DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

FACT FINDER'S REPORT

BOARD OF PUBLIC WORKS,
COUNTY OF ST. CLAIR

-and-

INTERNATIONAL UNION OF
OPERATING ENGINEERS,
LOCAL NO. 547

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STATE OF MICHIGAN
BUREAU OF EMPLOYMENT RELATIONS
DETROIT OFFICE

The prior collective bargaining agreement (CBA) was in effect between March 1, 1989 and February 29, 1992. It apparently was extended on a day-to-day basis pending the satisfactory conclusion of the negotiations for a new CBA. Those negotiations, however, were unable to resolve the parties' differences on longevity pay. A State mediator was summoned but the deadlock on this issue continued. The undersigned, Richard Mittenthal, was then appointed a fact-finder by the Michigan Employment Relations Commission. A second issue surfaced at the fact-finding meeting. It concerns the propriety of a 0.43 percent (i.e., .0043) offset for the first of three annual 4 percent wage increases agreed to by the parties.

The fact-finding hearing was held in Port Huron, Michigan on October 19, 1992. The County was represented by Richard F. Mosier, Attorney; the Union was represented by Greg Gronowski, President, Local No. 547.

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Longevity pay was provided for in Article XVII of the prior CBA. It was additional compensation for employees, a "separate and distinct annual payment", based on years of service. It begins when an employee has accumulated five years of service. The first payment is 2 percent of "total straight time hours paid to such employee...for the twelve... month period ending October 31st..." That payment is repeated in each of the next four years, that is, the sixth through

ninth years of service. When an employee has accumulated ten years of service, the annual payment is 4 percent of "total straight time hours paid..." With fifteen years, the annual payment is 6 percent; with twenty years, the annual payment is 8 percent; and with twenty-five years, the annual payment is 10 percent.

The CBA covers just one job classification, Waste Water Treatment Operator. There are just four Operators in the bargaining unit. One is an Assistant Supervisor with thirteen years' service who receives 4 percent longevity pay. Another is an Operator "C" with six years' service and 2 percent longevity pay. The remaining two are Operators "D", one with six years' service and 2 percent longevity pay and the other with eleven years' service and 4 percent longevity pay. The Operator hourly rates increase from "entry" to "D" to "C" to "B" to "Assistant Supervisor."

The County argues that longevity pay is the kind of benefit which should be subject to stringent control at a time when counties find it increasingly difficult to provide needed services with available tax dollars. It notes that 47 of 83 Michigan counties report no longevity pay clause in their CBAs and that those having such a clause offer a maximum benefit far less than the 10 percent figure found in the St. Clair-IUOE Agreement. It proposes freezing longevity pay at the 1992 level so that it cannot escalate in the future, either through more years of service or through greater "total straight time hours paid..." It would, in other words, limit each Operator's longevity pay in future years to precisely what he received in 1992. It would also deny longevity pay to any Operator hired after March 1, 1992. It observes too that Management has imposed this same longevity freeze on its own non-bargaining unit personnel.

The Union opposes any such freeze. It stresses that the County's production employees, the road crews, are represented by the Service Employees International Union (SEIU) and that their CBA, effective February 1992, included the same longevity pay clause as is found in the St. Clair-IUOE Agreement. It believes that because no freeze was negotiated for production employees, no freeze is warranted for Operators. It urges that the County has not really supported its position through financial data. It asks that the same longevity clause in the prior CBA be carried forward into a new CBA.

Several points should be emphasized. First, longevity pay has been part of this bargaining relationship for some years. The County does not seek to eliminate this benefit.

It seeks only to freeze longevity pay at present levels. Second, longevity pay occurs far more frequently in public employment than in the private sector. The basis for this difference, I suspect, was lower public employee wages in years past. More recently, however, that wage disparity seems to have lessened and in many instances disappeared.

Third, the limited data before me suggest that longevity pay under the CBA in question is far more generous than in almost all other counties. In St. Clair, the maximum is 10 percent which could mean as much as \$1.70 to \$1.75 per hour for the Assistant Supervisor (i.e., the highest rated Operator) with 25 years of service. These figures translate into a present maximum annual payment of roughly \$3,500. Of seven other counties with maximums expressed in percentage terms, two were at 4 percent, two at 5 percent, one at 7 percent, and one at 12 percent. Of twenty-nine other counties with maximums expressed in dollar terms, twenty-six were at \$600 or less, two at \$1,000, and one at \$2,400. It would appear that the St. Clair-IUOE Agreement provides one of the best, if not the best, longevity pay clause among these many counties.

Fourth, the road crews under the St. Clair-SEIU Agreement for the next three years have maintained the prior longevity formula without a freeze. The County insists this was possible because of concessions made by the SEIU, particularly (1) waiver of hospitalization benefits by employees¹ whose spouses had hospitalization coverage with some other employer, (2) introduction of a "second surgical opinion" requirement into the hospitalization program, (3) elimination of the COLA clause, (4) greater flexibility in scheduling road crews during the summer months, and (5) clarification of a clause regarding crews being sent home on rainy days. I note, in this connection, that the IUOE has agreed to the concessions expressed in (1) and (2) above. I note too that the IUOE did not have a clause in its CBA which produced any COLA benefit for Operators. Thus, at least part of the trade-off which prompted the County to retain the customary longevity formula for road crews is applicable to Operators as well.

For these reasons, I recommend adoption of a compromise longevity formula which will avoid a longevity pay freeze but which will grant the County some relief from its high longevity pay obligation. The recommendation is as follows:

¹ Those who waive hospitalization benefits, in these circumstances, receive an additional 40 hours of sick leave or vacation.

The longevity formula is to be modified so as to provide 2 percent to those with five years' service, 4 percent to those with thirteen years' service, 6 percent to those with twenty-years' service, and 8 percent to those with twenty-five years' service. However, no present employee's longevity pay will be reduced by reason of the changed formula.


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The .0043 Offset

The parties agreed to a 4 percent wage increase in each of the three years the new CBA will be in effect. The County, however, wishes to reduce the 4 percent increase in the first year because of the fact that an Operator "D" has secured an additional license and is to be permitted to move from "D" rate to "C" rate with a consequent wage increase. It urges that no provision in the CBA calls for this kind of upgrade and that therefore the cost of the 4 percent increase in the first year should be reduced by the cost of upgrading this one Operator. It proposes, accordingly, a .0043 offset for all Operator rates in the first year of the new CBA. The Union objects to any such offset.

The critical point is that the County intends to upgrade an Operator "D" to "C" rate because he has obtained an additional license. Whether Management is required to take this action under Article VII (Promotions) of the CBA is not the question in this case. But it certainly appears that Management is choosing, whatever the reason, to "promote" this Operator. Article VII contemplates that the County will "encourage...unit employees to seek upgrading within the bargaining unit." Surely, the fact that one Operator is about to succeed in his "upgrading" ambitions should not cause Operators as a group to accept something less than the agreed-upon 4 percent raise. "Promotion" or "upgrading" may occur during the life of a CBA. This is one of the costs of administering a CBA and has nothing to do with the negotiated wage level for Operators as a class.

My recommendation is that the County drop its request for this offset.


Richard Mittenthal
Fact Finder

November 2, 1992