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**MICHIGAN DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION  
LABOR RELATIONS DIVISION**

In the matter of the Fact Finding between:

UTILITY WORKERS UNION OF AMERICA,  
LOCAL 295,

-and-

CITY OF TRAVERSE CITY,  
LIGHT AND POWER BOARD.

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Case No. G95 B-3003

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STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
DETROIT OFFICE



APPEARANCES

For the Employer:

Ronald W. Sondee, Esq.  
Sondee, Racine & Doren, P.L.C.

For the Union:

Ron La Forest  
Regional Dir., U.W.U.A.

*Traverse City*

Hearings were held at the offices of the Light & Power Board on February 1 and 2, 1996, and on March 15 and 16, 1996, before Fact Finder Martin L. Kotch, pursuant to a petition for fact finding filed by the Union on July 18, 1995,

A review of the four days of hearings in this matter makes it clear that the only issues of substance presented by the parties to the Fact Finder were those of short term sick leave and wages. All other issues have been resolved by the parties, or have not been considered for purposes of making a recommendation.

## **I.**

### **SHORT TERM SICK LEAVE**

The Board has proposed that, beginning in December, each employee would receive seven paid days of short term leave per year. These days would be without restriction as to the reason for the leave. In addition, the three days currently provided for in the Collective Bargaining Agreement as personal leave days would remain, thus providing for ten days of leave in a system frequently referred to as "combined time off" - that is, a system of leave with no justification being required of the employee. Any days not utilized for leave purposes would be cashed out in full each December.

The Board's proposal would eliminate further accrual of sick leave accrual, with the short term sick leave days and sickness and accident insurance in its stead. Long term disability would commence after the 26 weeks of sickness and accident insurance.

The Board's proposal contained provisions for those current employees with ten or more years of service who had accumulated more than 30 days of sick leave. Two options were offered: (a) Using present accumulated time as sick leave, or, (b) cashing out all amounts of accrued sick leave in excess of 30 days, up to 120 days, at a rate of one-half. Days in excess of 120 days would be added to the 30 day sick bank. This would be a one-time election by the employee, upon reaching ten years of service. Cashed-out monies would be placed in a deferred compensation plan of the employee's choosing.

The Board made several arguments in favor of its proposal, discussion of which occupied by far the bulk of the proceedings over four days. One such argument was the benefit to the Board of having a funded rather than an unfunded liability as is the case at present. The Union noted that this advantage accrued entirely to the Board.

Another significant advantage put forward by the Board was that abuse, potential for abuse, and recurring grievances would be avoided following the implementation of its proposed system. At present, there is tension and dispute between the parties regarding the use of accrued sick time for purposes other than the actual sickness of the employee in question. From the Employer's perspective, it will be protected against abuse with its proposed system. Moreover, it argues, employees would no longer be faced with the dilemma, or temptation, of dissembling; no excuse whatsoever would be needed.

Additionally, the Board argues that its proposed plan would operate to the advantage of its employees in terms of coverage, particularly as to those who have become ill or injured without adequate sick time accrued. In a lengthy discussion of various "scenarios," the Board demonstrated the same or better coverage in all but one instance.

Further, the Board points out that its proposed plan, in its essentials, is in effect in all other departments of the City, other than in this unit. Its proposal is also more generous than the sick leave plans in existence at Consumers Power, Detroit Edison, and Wolverine Power.

The Union argues that it has failed to show that there is a legitimate reason to "destroy our insurance and our sick plan." It maintains that the Board did not establish that the current plan caused any administrative problems. It asserts that the only reason the Board wants to alter the sick leave plan is because it is an unfunded liability. The Union argues that most employers live with one or another under funded or unfunded employee benefit plan; there is nothing special about the present sick leave plan. With respect to gaps in insurance, the unit employees have purchased wage replacement insurance, obviating, contends the Union, the need for a change in the plan to cover against such an eventuality.

While many light and power facilities retain the accrual method found here, it appears that the bulk of the state's facilities do not. More importantly, the Union's opposition to the Board's proposed sick leave plan rests largely on the psychological impact of losing its bargained-for accrued sick days bank, with its cash-out provision and (in its judgment) its relatively unrestricted use. In sum, the Board has made much the stronger case for adoption of its proposal. With minor exceptions, the entire package benefits unit members noticeably more greatly than that which currently exists.

## **II. WAGES**

Substantially less time was devoted to arguments concerning wages than to sick leave, which was the "argument of passion." As a result, regrettably, little energy appeared left for discussion of the wage issue. Indeed, it appears that at one time in the course of negotiations, the parties were close to an agreement on the issue, but this potential agreement foundered on the rock of sick leave.

In keeping with the previous fact-finding between the parties, referred to by both in the course of this fact-finding, it is important to note that this time the Board will have achieved a notable success in implementation of its sickness and accident plan. The Union will have lost something previously bargained for, and zealously defended. To paraphrase (and reverse) the previous recommendation -- a recommendation in favor of the Board with respect to sick leave entitles the Union's wage proposals to greater weight.

The Board asserts that the Union had earlier agreed to its wage proposal, and that its failure to agree at fact-finding was related to its opposition to the Board's proposed sick leave plan. The essentials of the Board's proposal is as follows:

- Return ranges T1, T2, T3, and T4 to July 1, 1992 levels. Freeze these ranges for the four (4) year duration of this contract.
- Freeze ranges 00, 0, 1,2,3, and 4 for the first year of the contract. 1% total compensation increase in each year, 2, 3, and 4.
- Freeze ranges 5, 6,7; and 8 for the first year of the contract with a 2% total compensation increase in each or years 2, 3, and 4.
- Journeyman Line to receive a wage premium of \$.50/hr.
- Lineworker B to receive a wage premium of \$.25/hr.

At fact-finding, the Union in essence re-issued its earlier 1995 wage proposal:

- 2% in first year for ranges 7 and 8.
- 1.5% in second year for ranges 7 and 8.
- 2% for all members in third year.
- 1.5% increase for all ranges in fourth year.
- COLA to be reinstated in years 1,2,4 for all employees. [COLA had been bargained out of the contract since 1989, and did not form part of the Union's May, 1995 proposal.]

There remains much uncertainty as to comparables, not only as to appropriate light and power units elsewhere, but also as to job descriptions and hence valid comparisons, position by position. Nonetheless, the Board makes out a strong case that its wage scale, in general, is competitive.

The Board has expressed concern over what it terms "wage compression," a problem which the Union agrees should be dealt with. It proposes returning ranges T1 - 4 to 1992 wages, and freezing those wages for the duration of this contract. There is little likelihood of immediate or short term hiring in these ranges. With this in mind, the Board's proposal concerning a return and freeze for ranges T1-T4 seems unexceptionable.

The question of COLA must be addressed. The Union proposal contains a re-activation of the COLA principle, left dormant in the present Collective Bargaining Agreement. It was considered at the hearings that COLA would represent a range of about 3.8% to 1.8%, and

is costed-out by the Union at .33¢ per hour. In percentage terms, the average cost to the Board is probably above 2%. Looking to the Union's first year proposal, it is seeking about 4% for ranges 7 and 8, and above 2% for other employees. For its part, the Board strongly opposes re-activation of COLA, with its uncertain economic impact throughout the contract period. At their previous contract negotiations, the parties rendered COLA dormant. Little was heard from the Union about *why* it should be restored in this contract, and little of its potential impact over four years. In the absence of serious argument in support of the concept of COLA, or exploration of its impact, it has no place in the present contract.

Apart from ranges T1-4, the Board has proposed a total freeze for the first year of the contract, apart from its deferred compensation offer and bonus payments to Line A and B workers. With respect to the other ranges, however, two other considerations must be kept in mind. First, another way to "decompress" wages, i.e., create more dollar space between classifications, is to raise the upper ranges, not merely freeze or retard the lower ones. Second, it must be noted that the Board has prevailed on an issue of major significance for the Union - sick leave. It is particularly with senior employees, in the upper ranges, that this issue loomed so importantly. The present plan was bargained for and achieved at some economic cost to the employee, (the amount of which remains in dispute between the parties.) Prospective employees have no interest in the accrual system presently in place, and present junior employees have little vested in that system. But the senior employees have. Following Fact Finder Glazer in seeking to arrive at a recommendation that would reflect realities of collective bargaining, it would seem that the *quid pro quo* for changing sick leave in the contract would have to be a wage package at least somewhat more reflective of Union demands than of the Board's offer.<sup>1</sup>

While marshalling strong arguments in support of its contention that its wage structure is competitive with respect to relevant markets, the Board has made no persuasive argument

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<sup>1</sup> It must be noted that the Union divides up the unit into two wage groupings: ranges 7 and 8, and all others. The Board, leaving aside the T ranges, divides the unit up into ranges 00 - 4, and 5 - 8. In light of the fact that it has been determined that COLA should not be utilized in this contract, the Board's division is a more practicable way of assigning wage increases.

for freezing wages across the board in the first year. This is particularly true when considering the *quid pro quo* for loss of accrual of sick leave mentioned above.

### III.

## RECOMMENDATION

### A. SHORT TERM SICK LEAVE

The Board's Last and Best Offer of March 16, 1996, is adopted as the recommendation of the Fact Finder with respect to this issue.

### B. WAGES

The following is the recommendation of the Fact Finder with respect to wages:

1. Ranges T1 - T4 to be returned to July 1, 1992 levels. Wages to be frozen at that level for the duration of this four year contract.
2. 

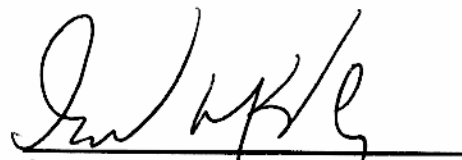
Year 1	Ranges 00 - 4	1%
Year 1	Ranges 5 - 8	2%
3. 

Year 2	Ranges 00 - 4	1%
Year 2	Ranges 5 - 8	2%
4. 

Year 3	Ranges 00 - 4	1%
Year 3	Ranges 5 - 8	2%
5. 

Year 4	Ranges 00 - 4	1%
Year 4	Ranges 5 - 8	2%
6. The Board's proposed 1% per annum voluntary matching deferred compensation is made part of this recommendation.
7. The Board's proposed 50¢ per hour Journeyman Line wage premium is made part of this recommendation.
8. The Board's proposed 25¢ per hour Line B wage premium is made part of this recommendation.

July 20, 1996

  
Martin L. Kotch, Fact Finder