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FF 9/30/86

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

PETITION OF WESTSHORE HOSPITAL

MERC Fact Finding Case No. G-85 I-899-900

THOMAS B. NORTH, Fact Finder

Location - Manistee, Michigan

Dates of Hearing - August 27 and August 28, 1986

Thomas B. North 9-30-86

APPEARANCES

For the Westshore Hosiptal:

Stanley C. Moore
7th Floor, Ford Building
Detroit, MI 48226

For the SEIU Local 79:

Ray Murdaugh
P.O. Box 727
Muskegon, MI 49443

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

Do you consent to the submission of the award in this matter for publication?

Management:

Yes _____ No _____

Union:

Yes _____ No _____

Note also that if you consent you have the right to notify the Fact Finder within 30 days after the date of the award that you revoke your consent.

Westshore Hospital

Appendix A

A Hearing was held on August 27 and 28, 1986. Neither party requested the opportunity to submit post-hearing briefs. The Petition for Fact Finding was dated February 25, 1986, and was received by the Fact Finder approximately April 17, 1986.

A number of exhibits were admitted into evidence including:
(Employer, Westshore's exhibits are denoted with an "E"; Laborer's exhibits are denoted with an "L";)

Exhibit E1 - Agreement between hospital employee's division of Local 79 and Westshore Hospital from October 1, 1981 through October 1, 1984;

Exhibit E2 - Agreement between hospital employee's division of Local 79 and Westshore Hospital from October 1, 1984 through November 30, 1985;

Exhibit E3 - Agreement between hospital employee's division of Local 79 (lab and x-ray employees) and Westshore Hospital from December 1, 1982 through November 30, 1985;

Exhibit E4 - Article from Crain's Detroit business dated May 27, 1985;

Exhibit E5 - Article from Crain's Detroit business dated October 28, 1985;

Exhibit E6 - Article from Grand Rapids Press dated August 17 1986;

Exhibit E7 - Funding of depreciation;

Exhibit E8 - Necessity for a profit;

Exhibit E9 - Relationship of accounts receivable to profit;

Exhibit E10 - Projected Income Statements

Exhibit E11 - Forecasted statements of revenues and expenses, 1986 through 1989;

Exhibit E12 - "Green book" containing numerous exhibits relating to contract negotiations, 1985;

Exhibit E13 - Letter from Total Group Services, Inc. to Stanley Moore.

Exhibit E14 - Business Planning publication

Exhibit E15 - Wage scale, registered nurses;
Exhibit E16 - Partial list of employees and salaries;
Exhibit E17 - Benefit packages;
Exhibit E18 - Illustration of revenue reduction due to decrease in base rate;
Exhibit E19 - Wage schedule;
Exhibit L1 - Letter from Mallin, Kushner, Chupack and Kippelman, P.C., C.P.A.s to Ray Murdaugh;
Exhibit L2 - Response to SEIU Local 79;
Exhibit L3 - Response to questions raised by Mr. Mallin on August 5, 1986;
Exhibit L4 - Salary survey from Working Woman magazine;
Affidavit of Daniel Birchmeier

Background of controversy: According to Attachment B to the Hospital's Petition for Fact Finding, there were 17 major unresolved issues in this controversy. At the hearing, both parties made known additional unresolved issues which are set forth on page 24 of Exhibit E12 and in additional writings which were presented to the Fact Finder by the Union but which were not made exhibits. Some of these additional issues raised are minor in comparison to those set forth in the Petition. Because of the number of total issues raised, the Fact Finder will state each issue separately with his findings and recommendations, and where applicable, a discussion of the proposals made.

GENERAL FINDINGS OF FACT

1. SEIU consists of two units which are defined on Attachment A to the Petition for Fact Finding.
2. The Agreement between the Hospital and Unit 1 expired in 1984 (Exhibit E1) and was extended by agreement through November 30, 1985 (Exhibit E2).

3. The agreement between the Hospital and Unit 2 also expired on November 30, 1985 (Exhibit E3).

4. The DRG (Diagnostic Related Groups) Program is being phased in under Medicare under which the Federal Government pays fixed fees for services provided regardless of geographic location and historical cost.

5. The DRG Program is being phased in at 25% per year so that, for example, in 1984/1985, the Hospital can charge 75% of historic costs and 25% per DRGs. Whereas, in 1986/1987, it can charge only 25% historical costs and 75% per the DRGs. The current percentage is 55% for historical costs and 45% DRGs due to a one year delay in the program allowed by the Government resulting in an interim step.

6. Currently, DRGs account for 54% of the Hospital's income.

7. The national average historical costs per patient for rural hospitals is \$3,400.00. The base rate for rural hospitals to be paid per patient under the DRGs nationwide is \$2,300.00. (That figure represents the DRG rate when the program is 100% implemented and is adjusted annually for inflation.) The \$1,100.00 decrease multiplied by 1,200 Medicare admissions per year is projected to result in a revenue reduction to the Hospital of \$1,320,000.00 per year once the DRG Program is fully implemented, assuming 0 inflation.

8. Currently, revenue from in-patients accounts for 77% of the Hospital's revenue.

9. There is currently, and has been in the recent past, a shift toward out-patient care, both nationwide and at this Hospital. The reasons for this shift include improved technology, home care expansion, and pressure from the Federal Government. This shift is resulting in a decline in the average length of stay of patients admitted, again both nationwide and in this Hospital. A number of admissions is also affected by the institution of the Professional Review Organi-

zation. Due to conservatism of the physicians employed at this Hospital, the average length of stay tends to be higher than a national average, causing additional unreimbursed costs in the case of Medicare patients who do not qualify as "outliers".

10. Private insurers such as HMOs and Blue Cross are also beginning to look for discounts from the full rate charge to private patients, as opposed to the past practice of absorbing higher charges passed along to offset losses from Medicare patients.

11. The Hospital's fiscal year runs from July 1 through June 30.

12. "Allowances" are revenue deductions resulting from the difference between what the Hospital charges private patients and what the Government is willing to pay for patients on public pay.

13. For the fiscal year 1984/1985, after deduction for allowances in the amount of \$1,684,147.00, net operating revenue totaled \$8,413,193.00. After deducting total expenses of \$7,904,375.00 and adding non-operating income of \$130,314.00, the Hospital was left with net income of \$639,132.00. (Exhibit E11)

14. For the audited 11 month period ending May 31, 1986, operating revenue was \$7,603,916.00, operating expenses were \$7,527,223.00 and non-operating income was \$185,691.00. This resulted in net income of \$262,384.00. (Exhibit L1)

15. For the fiscal year 1985/1986, after allowances of \$1,765,091.00, it was projected that operating revenues would total \$8,292,272.00. After deduction of expenses for \$8,169,574.00 and addition of non-operating income of \$183,516.00, it was projected that there would be a net income of \$306,214.00. (Exhibit E11) This Exhibit is based on audited figures through February 28, 1986, only.

16. For the fiscal year 1986/1987, it is projected that after allow-

ances of \$2,639,091.00 there will be net operating revenues of \$7,839,572.00. Total expenses are forecasted at \$8,081,536.00 and non-operating income at \$193,063.00, leaving a projected net loss of \$48,901.00. (Exhibit E11 and also Exhibit L1)

17. For the fiscal year 1987/1988, it is projected that after allowances of \$3,407,945.00, there will be net operating revenue of \$7,616,271.00. After adjustment for total expenses and non-operating income projected to be \$8,181,212.00 and \$153,517.00 respectively, a net loss is forecasted in the amount of \$411,424.00. (Exhibits E11 and L1)

18. For the fiscal year 1988/1989, it is projected that after allowances of \$3,891,994.00, there will be net operating revenue of \$7,785,928.00. After projected total expenses of \$8,328,153.00 and non-operating income of \$115,561.00, a net loss of \$426,664.00 is anticipated. (Exhibits E11 and L1)

19. The projected figures above are, with few exceptions, based on the assumptions of no salary increases above the current levels other than a 1% increase in 1985/1986, and continuation of current fringe benefits.

20. There is no mortgage or other debt obligation upon the physical building in which the Hospital is located.

21. Out of profit, the Hospital currently sets aside a portion to provide for future replacement of plant and equipment. The amount currently set aside (funded) is less than half of the accumulated depreciation of the current plant and equipment. The difference represents moneys that will have to be obtained from other sources when replacement of plant and equipment becomes necessary. (Exhibit E7)

22. Profit is also necessary to generate funds for technological advances and expansion of services. Medicare, Medicaid and Blue Cross currently pay for capital improvements on a cost reimbursement basis

ratably over the useful lives of the assets. However, there is no reimbursement for inflation and any replacement costs that exceed reimbursement plus funded depreciation must be obtained from other sources. Further, the Hospital must be capable of generating a profit to continue to acquire credit. (Exhibit E8)

23. The Hospital has taken several steps in its attempts to resolve the projected financial problems including:

a. New ventures such as proposing to the County that the Hospital be joined (at least in some respects) with the adjacent long-term care facility;

b. Attempts to increase market share by improving Hospital care;

c. Entry into purchase agreements with other hospitals in order to improve purchasing power and cut costs;

d. Through political contacts;

e. Through cutting of expenses;

24. Wages and fringe benefits among the employees of Local 79 are currently higher than those at comparable hospitals, roughly \$1.00 per hour on the average. (Testimony of J. L. Schook; Exhibit E12)

25. There is generally a great deal of mistrust between the parties resulting from their experiences in negotiating past contracts. This mistrust prevades all aspects of these controversies.

26. The Hospital has adopted the policy of "getting its own house in order" before asking the community to pass an additional millage. The majority of tax payers in the community cannot afford higher taxes and recent millage proposed for schools and jails have been voted down.

27. Other employee groups (for example, R.N.s) have received wage increases within the last two years while the employees of Local 79 have

not.

28. Many of the employees represented by SEIU are overworked, which affect and impede efforts to improve medical care rendered at the Hospital.

29. The Hospital employs more R.N.s than is necessary, which adversely affects operating costs, raises charges to private patients, and adversely affects the Hospital's reputation in the area.

MAJOR UNRESOLVED ISSUES LISTED IN ATTACHMENT
B TO THE PETITION FOR FACT FINDING

It is first recommended that the new contract be a one-year contract for reasons to be set forth later herein.

ISSUE 1: Sick leave - Hospital proposes change from first day coverage to third day coverage. Union proposes no change. The Union made an alternate proposal (in regard to all fringe benefits) that if fringe benefits are cut, the cuts not apply to persons with high seniority. This particular proposal the Hospital would relate to all groups of employees. In that sickness is an involuntary event from which an employee should be protected from loss of pay, even if the sickness does not last more than one or two days, it is recommended that the Hospital proposal be rejected and that the contract language remain the same in this regard.

ISSUE 2: Sick Leave Accrual - Hospital proposes sick leave accrual be reduced from 12 days to 8 days per year. Union proposes no change. Due to the projected financial problems of the Hospital, it is recommended that sick leave accrual be reduced from 12 days to 10 days per year.

ISSUE 3: Holidays - Hospital proposes reduction from 11 holidays to 8 (by eliminating Washington's Birthday-February 22; Easter; and Employee's birthday). Union proposes no change. Due to the projected financial problems

of the Hospital, it is recommended that there be a reduction from 11 holidays to 9 holidays, by eliminating Washington's Birthday and employee's birthday.

ISSUE 4: Health Insurance - Hospital proposes change from traditional first dollar program to a first dollar co-payment plan. Union proposes no change. Due to the projected financial condition of the Hospital, the Fact Finder recommends that the change proposed by the Hospital be incorporated into the new contract as set forth on pages 28-35 of Exhibit E12.

ISSUE 5: Health Insurance - Hospital proposes the addition of a utilization review program. Union proposes no change. Due to the projected financial condition of the Hospital, it is recommended that the proposal of the Hospital be incorporated into a new contract.

ISSUE 6: Vacation - Hospital proposes that employees with 16 or more years service not receive a fifth week of vacation, but that vacation be capped at 20 days. Union proposes no change. Due to the projected financial condition of the Hospital, it is recommended that vacation be capped at 20 days.

ISSUE 7: Vacation Eligibility - Hospital proposes that full-time employees be required to work 2,080 hours before receiving a full-time vacation, a change from the present 1,820 hours. Union proposes no change. It is found that this proposal would put full-time employees in line with part-time employees, and therefore it is recommended that full-time employees be required to work 2,080 before receiving a full-time vacation.

ISSUE 8: Wages - Hospital proposes that wages of current employees be frozen at their current levels. The Hospital further proposes that in regard to new employees who are hired during the life of the contract, their wages be as set forth on a proposed wage schedule which is located in Exhibit E12, pages 41 and 42. That proposed wage schedule is reproduced on the following pages.

PROPOSED WAGE SCHEDULE

CLASSIFICATION:	START	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	4 YEARS
3	4.65	4.79	4.92	5.19	5.46	5.73
Dishwasher Cafeteria Aide Linen Aide Housekeeping Aide						
4	4.93	5.08	5.22	5.50	5.79	6.07
Seamster Cold Food Worker Janitor Nurse Aide Physical Therapy Aide						
5	5.25	5.40	5.55	5.85	6.15	6.45
Laboratory Aide Receptionist/Operator Med. Rec. Clerk Typist Ward Clerk Dietary Relief Diet Clerk Admitting Clerk Cook Storeroom Clerk EKG/EEG Technician Painter						
6	5.64	5.80	5.97	6.28	6.61	6.94
Maintenance Worker I Medical Transcriptionist Data Entry/Computer Operator Accounts Rec./Utility Clerk Central Supply Technician Emergency Medical Technician Pharmacy Technician Medical Records Practitioner Surgical Technician						
7	6.06	6.23	6.40	6.75	7.09	7.45
Coder/Abstractor Billing Clerk Head Cook Histologic Technician Licensed Practical Nurse						

PROPOSED WAGE SCHEDULE

CLASSIFICATION:	START	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	4 YEARS
8	6.53	6.72	6.91	7.28	7.66	8.03
Physical Therapy Assistant						
Maintenance Worker II						
Respiratory Therapy Technician						
9	7.73	7.96	8.18	8.62	9.07	9.51
Maintenance Worker III						
Radiologic Technologist						
Medical Laboratory Technician						
10	8.35	8.59	8.83	9.31	9.79	10.27
Nuclear Med./Ultrasound Tech.						
11	9.06	9.32	9.58	10.10	10.62	11.14
Medical Technologist						

The revised wage schedule proposed by the Hospital would reorder the classifications and pay grades and revise the wage schedule regarding the rates applicable at start, six months, one year, two years, three years, and four years. The Union proposes no wage reductions and seeks a wage increase that is an undetermined amount at this time.

In regard to this Issue, I make the following findings of fact:

(a) Salaries account for more than half of the total expenses of the Hospital every year.

(b) Because of a comparative report it subscribes to, the Hospital retained J. L. Schook and Associates to prepare a wage and benefit study.

(c) The study covered both units of the SEIU, the R.N.s and management.

(d) Nothing was revealed upon examination or cross-examination of Mr. Schook to raise any questions as to his credibility or that of the study.

(e) In performing the study, when labor market data was not available in regard to a certain job, J. L. Schook and Associates used the closest jobs within the pay grade ("benchmark" jobs) for comparison.

(f) Although the wages of members of the SEIU have not been raised in recent years, the study showed the wages of those employees to be high in comparison with hospitals with similar circumstances (Exhibit E12, page 22).

(g) Although the R.N.s' wages were raised in 1983, 1984 and 1985 (Exhibit E15), the study showed their wages to be in line in comparison to hospitals with similar circumstances.

(h) The study showed the wages of management employees to be a little on the low side in comparison with hospitals with similar circumstances. However, Exhibit L4 shows the salary of the Hospital Administrator, Mr. Parks, to be significantly above average (even considering the figures in Exhibit

L4 are as of November, 1983). It is also noted that Mr. Parks' contract provides for one year severance pay.

I find that in light of the best information available at this time that it is essential to the survival of the Hospital that among the other steps being taken to improve financial condition and avoid future problems, there be substantial cutting of expenses. Since salaries comprise the largest percentage of expenses, they cannot be immune from these cuts and freezes. It is therefore recommended that the Hospital's proposals be accepted as set forth above.

ISSUE 9: Dental Plan - Hospital proposes that all employees be covered by the presently existing single subscriber dental plan (note that the employees in Unit 2 are now provided family coverage). Union has proposed a revised dental plan with increased benefits. Due to the projected financial condition of the Hospital, it is the recommendation of the Fact Finder that all employees including those in Unit 2 be covered by the single subscribed dental plan.

ISSUE 10: Optical Plan - Union proposes a 50/50 optical plan with frame selection. Hospital rejects the initiation of an optical plan. It is the recommendation of the Fact Finder that the proposal be rejected due to the financial inability of the Hospital to afford such a plan.

ISSUE 11 L.P.N.s - Union proposes a \$1.00 per hour adjustment above percentage increase for L.P.N.s. Hospital proposes no change. This proposal is not recommended for inclusion in the contract for the same reason set forth in regard to Issue 8.

ISSUE 12: E.M.T.s - Union proposes a \$.50 per hour adjustment above percentage increases for E.M.T.s. Hospital proposes no change. This proposal is not recommended for inclusion in the contract for the same reasons set forth in regard to Issue 8.

ISSUE 13: L.P.N.s working in Special Care Unit - Union proposes L.P.N.s who are scheduled to work in the Special Care Unit receive a differential of \$.20 per hour in addition to their regular pay. Hospital proposes no change. There was no evidence or argument presented in support of this proposal and accordingly, it is not recommended.

ISSUE 14: Shift Premium - Union proposes increasing the \$.20 shift premium to \$.25 and the \$.25 shift premium to \$.35. Hospital proposes no change. There was no evidence submitted in support of this proposal and therefore, an increase is not recommended.

ISSUE 15: Longevity Bonus - Union proposes longevity bonuses after five years of service equally \$100.00; after seven years of service, \$150.00; and after ten years of service, \$200.00. Hospital proposes no changes. There was no evidence or argument submitted to support this proposal and accordingly longevity bonuses are not recommended.

ISSUE 16: Life Insurance - Union proposes increasing life insurance for full-time employees from \$10,000.00 to \$15,000.00 and for part-time employees from \$3,000.00 to \$5,000.00. Hospital proposes no change. Due to the projected financial condition of the Hospital, this proposed increase is not recommended.

ISSUE 17: Seniority on promotions - Hospital proposes that when an employee is promoted, they be placed on the step increase not at their equivalent rate based upon years of service, but rather at a rate that would provide no more than a 5% increase over their current job classification unless the starting rate of the new job is equal to or more than their current. Employees would progress in the wage levels based upon their date of entry in the new job classification. Further, the date of entry in their new job classification would be their seniority date for purposes of lay-off and recall as to that job classification; provided however, the employee would retain their original seniority date as to overall Hospital seniority. Union proposes no change. This proposal is recommended by the Fact Finder, there being no reasons set forth by the Union as to why it should not be incorporated into the contract.

REMAINING ISSUES RAISED AT HEARING

HOSPITAL PROPOSALS CONTAINED IN EXHIBIT E12 (Pages 24-27)

ARTICLE 5 - Seniority - Section 10 - Promotions - a - to be modified by adding the requirement of experience in addition to ability to do the job.

It is recommended that this modification be made as proposed.

ARTICLE 5 - Seniority - Section 14C - Daily lay-off - Delete four hours and replace with two hours. There being no evidence or arguments submitted in support of this proposal, it is recommended that the notice requirements remain at four hours.

ARTICLE 9 - Classification of employees - Section 1 - Full-time employees - Delete 70 hours and replace with 80 hours. I do not find sufficient reasons for granting this proposal and recommend that there be no change.

ARTICLE 10 - Leaves of absences - Section 2 - Sick Leave - (c) - Delete 25 days of work and replace with 260 hours of work. I find that this proposal would put part-time employees in line with full-time employees in terms of eligibility for sick leave, and accordingly recommend the changes proposed.

ARTICLE 10 - Leaves of absence - Section 3 - Funeral leave - Delete four days and replace with three days, plus one addition day if the site of the funeral is more than 350 miles from Manistee. Due to the projected financial condition of the Hospital, it is recommended that this change be incorporated in the contract.

ARTICLE 11 - Hours of work - Section 2 - Overtime - Delete in any 24 hour period commencing with the start of the employee's shift and replace with in a calendar day. There having been no opposition voiced to this proposal, it is recommended that the change be incorporated in the contract.

ARTICLE 11 - Hours of work - Section 6 - Computing benefits - Add: Said time, however, shall not be considered as hours work for purposes of determining overtime. There having been no opposition voiced to this proposal, the proposed change is recommended.

ARTICLE 18 - Holidays - Section 3 - Part-time employees - Delete present language and replace with: Part-time employees who work on holidays

shall be paid time and one-half for all hours worked in addition to one hour holiday pay for each actual hour worked (up to a maximum of eight hours) but shall not receive holiday pay unless they work on the holiday and the last scheduled work day before and the next scheduled work day after the holiday, unless they had been previously excused by the Hospital. Part-time employees shall be paid for one floating holiday each contract year. There having been no opposition voiced to the proposal, its inclusion in the contract is recommended.

ARTICLE 18 - Holidays - Section 4 - Qualifications - Delete and replace with: In order to qualify for eight hours of straight time pay for a holiday, it is provided that:

(a) The employee has seniority as of the date of the holiday.

(b) The employee must have worked the last scheduled work day before and the next scheduled work day after the holiday, unless they have been previously excused by the Hospital.

There being no opposition to the proposal, it is recommended for inclusion in the contract. It is further recommended that the following language be added to that proposed at the end after the word "Hospital":

or failed to appear for work due to a declared emergency by local authorities or illness supported by a doctor's certificate.

The latter language is recommended pursuant to a proposal made by the Union at the hearing.

ARTICLE 19 - Insurance and Pension - Section 1 - Hospital Medical Insurance - Delete and replace with: The Hospital agrees to provide Hospital-medical insurance coverage for employees including family coverage for full-time employees and single subscriber coverage for part-time employees. The Hospital retains the right to change insurance carriers provided equivalent benefits are provided for under the policy. Deductible/co-pay and pre-authorization review

shall apply as set forth in Attachment "A" hereof.

The last sentence of the above paragraph has already been addressed. In regard to the remaining portion of the proposal, there having been no opposition voiced to this proposed language, it is recommended for inclusion in the contract.

ARTICLE 22 - Report in pay - Standby pay - Section 1 - Report in Pay - Delete four hours and replace with two hours. No evidence was presented in support of this proposal and accordingly, the change is not recommended.

ARTICLE 22 - Report in pay - Standby pay - Section 2 - Delete and replace with: Employees who are scheduled to be on call shall receive standby pay according to the following schedule: \$10.00/per day for weekdays; \$14.00/per day for weekends and holidays. Due to the projected financial condition of the hospital, it is recommended that this proposal be incorporated into the new contract.

ARTICLE 22 - Report in pay - Standby pay - Section 3 - Call-Back pay - Delete and replace with: Call-In pay - All full-time employees shall receive time and one-half for the minimum of two hours when called into work on a scheduled day off, or called back to work after completing their work day. Part-time employees when called in on a scheduled day off or called back to work after completing their work day, shall receive straight time pay: Provided however, that the 8 and 80 overtime rule shall apply. It is the further agreement of the parties that the Call-In pay for the laboratory and x-ray employees shall be as set forth in the Memorandum of Understanding attached hereto.

However, it is recommended for Unit 1 of the SEIU that the current language in Article 22, Section 3, be deleted and replace with: Call-In pay - All full-time employees shall receive time and one-half with a minimum of two hours when called in to work on a scheduled day off or called back to work after

competing their work day. Regular part-time employees, when called in on a scheduled day off or called back to work after completing their work day, shall receive time and one-half provided they have received less than 48 hours notice of a change in the schedule. Otherwise, they shall receive straight time pay.

It is recommended that for Unit 2, the Call-In pay provision provide that Call-In pay for the laboratory and x-ray employees shall be as set forth in the Memorandum of Understanding attached hereto.

ARTICLE 25 - New classifications - Delete as it is a duplicate of Article 9 - Section 3. The deletion is recommended.

PROPOSED MEMORANDUM OF UNDERSTANDING - Page 27 of
Exhibit E12 - The following page is a copy of the proposed Memorandum.

PROPOSED MEMORANDUM OF UNDERSTANDING

IT IS HEREBY UNDERSTOOD AND AGREED by and between West Shore Hospital and Service Employees International Union, Local 79, that the following terms and conditions shall apply to those individuals employed in the Laboratory and X-ray Departments:

1. Failure To Obtain Registration Or License: Any technician hired who is unregistered or unlicensed and who does not obtain his/her registration and/or license within six (6) months of hire may be discharged without recourse.
2. Diagnostic Opinions: Technicians will not be required to give their diagnostic opinions on x-ray films.
3. Call-In Pay:

(a) Laboratory Technicians. On the premises performing assigned work shall guarantee Laboratory Technicians call in pay on the following schedule:

First 1/2 hour -	\$12.00
From 1/2 hour to 1 hour -	\$16.25
From 1 hour to 1 1/2 hours -	\$20.00
From 1 1/2 hours to 2 hours -	\$23.00
Over 2 hours one and one-half (1-1/2) times the employees hourly rate.	

(b) X-Ray Technicians. (a) X-raying of first (1st) patient -- guaranteed pay of \$13.50. (2) X-raying each additional patient -- guaranteed pay of \$8.00 per patient.

WEST SHORE HOSPITAL

Burton O. Parks,
Administrator

Dated: _____

SERVICE EMPLOYEES
INTERNATIONAL UNION,
LOCAL 79

Ray Murdaugh
Business Representative

Dated: _____

The proposed Memorandum of Understanding appears to merely recite some of the same language contained in Exhibit E3 (pages 6, 26 and Schedule A, page 2b). As such, its terms and conditions are recommended.

UNION PROPOSALS PRESENTED IN WRITING AT HEARING

NOT CONTAINED IN EXHIBITS

UNIT 1

Article I - Recognition - Section 1 - Add the following to list of job classifications: Cardial Pulmonary Aids, Grade Five Admitting, Cashier, Insurance, Grade Seven Purchasing, Storeroom Clerk, Grade Seven Certified O.R. Technician, Certified Ward Clerk. There having been no opposition from management at the hearing, it is recommended that these additions be made.

Article I - Section 6 - Delete - This proposal would make temporary employees (hired for 90 days or less) subject to the requirement of Union membership. This proposal is not recommended by the Fact Finder.

Article II - Section 1 - Union's proposal agreed to by management and no longer an issue for Fact Finding.

Article V - Section 4 - Add sub-paragraph c. In the event that a position needs to be filled for more than 90 days in a 12 month period, it shall then become a permanent position and appropriately posted except as where mutually agreed upon by management and the Union in specific cases. I find the proposed language to be consistent with the temporary employee provisions of the contract, in which a temporary position is defined as being one that is filled for 90 days or less. Accordingly, I recommend that the proposed language be added to the contract.

Article V - Section 6 - Officers' Seniority - This proposal was modified and agreed to by management and is not a subject for Fact Finding.

Article V - Section 7 and Section 12, Proposals agreed to by management.

Article V - Section 14 - c - Second paragraph, change the word "successive" to "either" of the next two consecutive shifts. It is found that under the current language, an affected employee in this situation may not be able to work the particular shift out of the next two successive shifts in which the least senior employee is scheduled to work. In that situation, the affected employee cannot exercise his bumping rights and an employee with less seniority is working instead of him. For these reasons, the proposed change is recommended, however, the language in the first sentence of the second paragraph of Section 14c should be changed to read as follows: In the event of a daily lay-off, the affected employee may bump the least senior employee in the affected classifications scheduled to work on either of the next two consecutive shifts.

Article V - Section 14c - Daily lay-off - Deleted.

Article VI - Section 3 - Withdrawn from Fact Finding.

Article VI - Section 5 - Withdrawn from Fact Finding.

Article VI - Section 8 - Proposal modified and agreed upon as modified by management.

Article VI - Section 9 - Withdrawn.

Article VII and Article VIII - Proposals agreed to by management.

Article IX - New Section 3 - To read as follows: For the purpose of computing benefits, all employees are to be considered full-time or part-time, and that in no case shall a person be denied benefits because there is not 32 hours for part-time or 70 hours for full-time work available in a pay period. No strong reasons were presented as to why this proposal should not be accepted and the addition of the new Section 3 is therefore recommended.

Article IX - Section 3 will now be Section 4 - Change words "bar-

gaining unit" to read "within Hospital" and Step 6 is now Step 4. The change from the words "bargaining unit" to "within Hospital" would require the Hospital, if a new classification were established even outside of the bargaining unit, to notify the unit chairman in writing. Any new classifications established would not necessarily relate to the bargaining unit and it is not recommended that the contract language be changed to bind the Hospital to notify the unit chairman in those situations. In regard to the change of language from Step 6 to Step 4, that change has been agreed upon by management and is recommended.

Article X - Section 1 - b - Proposal agreed to by management.

Article X - Section 2 - b - Delete. No evidence or arguments were presented to persuade the Fact Finder to recommend that this sub-section be deleted from the contract.

Article X - Section 2 - d - To receive sick leave, the employee must notify the supervisor or his/her inability to work prior to the time he is to report for work. He/she must keep the supervisor informed of their condition and advise the supervisor as to the expected date of return to work. At the discretion of the supervisor, the employee may be required to bring in a doctor's statement after three days as evidence of illness or injury. Other than addition of feminine pronouns, the proposal would change the current contract language by not requiring a doctor's statement until after three days of leave. I find that there are many instances when an employee is too ill to report for work and yet not ill enough to justify a trip to the doctor. Although management is concerned about habitual absentees in this regard, that problem is addressed through other provisions such as limits on the amount of sick leave that can be taken in a year. Therefore, the proposed change is recommended.

Article X - Section 2 - e - Any employee who has accumulated sick days in excess of 30 days may cash in those days accumulated. There are not

found to be sufficient reasons for recommending a change from the current contract language.

Article X - Section 2 - f - An employee who leaves the employ of the Hospital shall receive payment of all unused sick days. No evidence or arguments were presented to persuade the Fact Finder to recommend the proposed change.

Article X - Section 6 - Add: Reduction of hours shall not be considered as inability to perform their job. Inadequate evidence was presented to persuade the Fact Finder to recommend the addition of this language.

Article X - Section 8 - Agreed to by management.

Article X - Section 9 - Change 60 days to 90 days (paragraph 1). Paragraph 4, change to read: During the first 90 days of a leave of absence the employee will accrue sick leave and vacation benefits. The proposed language change in paragraph 1 of Section 9 is recommended as it would coincide with the use of temporary employees as defined in the contract. The proposed change in paragraph 4 of Section 9 is not recommended as it would not contain any provision for insuring that an employee returning from a leave of absence would return to "permanent" employment.

Article XI - Section 3 - Add sub-paragraph b - Employees scheduled to work second weekend shall receive time and one-half for all hours worked and will receive double time and one-half for all consecutive weekends. The language proposed to be added is not recommended. The current language in Section 3 is found to be reasonable in light of the nature of the hospital business.

Article XI - Section 7 - Add to n: If employee is unable to leave the Hospital during their lunch hour, employees shall be paid time and one-half for that one-half hour. This proposal is found to be reasonable and is recommended.

Article XI - Section 7 - b - Change the last sentence to read:
said rest periods shall be taken consistent with the Union employee's workload.
The proposed change is recommended in order to clarify the rights of the employees. There was evidence of this interpretation of the Unit 1 contract by some supervisors that would be cleared up by the addition of this language.

Article XVIII - Section 2 - Proposal agreed to by management.

Article XII - Section 3 - Add - If it is mutually agreed by both parties that there has been an "unreasonable" workload for said employee, that employee will be paid four hours' wages. This proposal is not recommended for the reason that the language "mutually agreed" would leave the provision with no binding effect. Since management is not agreeable to the proposal, it is obvious that mutual agreement within the terms of the provision would also be unlikely and the proposed language would add little to the rights of the employees.

Article XIII - Add - After performing and that are performed by their subordinates or other bargaining unit employees, as they have in the past, provided this does not affect the hours of a bargaining unit employee. This proposal is not recommended for lack of evidence to persuade the Fact Finder. Furthermore, it is found that incorporation of this language in the contract could conflict with other provisions of the contract in regard to bumping, etc.

Article XV - Section 1 - Pharmacy purchases: \$2.00 drug rider.
This proposal is not recommended due to the projected financial condition of the Hospital.

Article XVI - Section 6 - Resumed paychecks in envelopes - Agreed to by management.

Article XVI - Section 8 - Use of pronouns - Add - Bargaining unit employee - The proposed language is found to be inconsistent with the current use of Section 8 and is therefore not recommended.

Article XVI - Section 9 - Agreed to by management.

Article XVI - Section 10 - Add - Meal on MN's to be served free.

This proposal is not recommended as there are found to be insufficient reasons for the change.

Article XVI - Section 11 - Add - But shall not effect Union employees' hours. There being no opposition voiced to this proposal, it is recommended for inclusion in the contract. Section XVI should read as it currently does with the addition of the following language "but whose employment shall not affect Union employees' hours."

Article XVI - Section 13 - Add - Job descriptions will be made available to chair person. The Fact Finder understands that those job descriptions have now been made available to the chair person and accordingly, the proposal is recommended for inclusion in the contract.

Article XVI - Section 4 - Change to read: Full-time personnel will receive up to six personal days paid per year and part-time employees will receive two personal days paid per year. (The rest of this section will remain the same.) This proposal is not recommended due to the projected financial condition of the Hospital.

Article XVIII - Section 1 - Two more floating holidays. This proposal is not recommended due to the projected financial condition of the Hospital.

Article XVIII - Section 2 - Add - Holiday pay will be paid for each eight hours worked on the holiday. As a holiday extends beyond eight hours, if an employee is required to work more than eight hours, he/she is giving up an additional portion of his/her holiday. The employee should be compensated for that and accordingly, the proposed change is recommended.

Article XVIII - Section 3 - Change to read - Part-time employees

shall be paid for two floating holidays and birthday holiday per contract year. (The rest of this section to remain the same.) This proposal is not recommended due to the projected financial condition of the Hospital.

Article XVIII - Section 7 - Delete. There was no evidence presented to support this proposal and accordingly, it is not recommended.

Article XVIII - Section 8 - Delete words "full-time". This proposal is not recommended for reasons set forth above.

Article XIX - Section 1 B and Section 1 C - Delete except for the last sentence of each paragraph. This proposal is recommended for the reason

Article XIX - Section 4 - Change 25 years of age to 18 years of age and change 1,000 hours in that year to read 800 hours in that year. This proposal is not recommended due to the projected financial condition of the Hospital.

Article XX - Section 4 - Change in writing (there has been a Memorandum of Understanding in this matter), change 60 days to 45 days and change 45 days to 40 days. It is recommended that the matters in the Memorandum of Understanding be continued in the contract.

Article XX - Section 7 - Change to read: Employees shall have the option of receiving pay on working or taking vacation. Delete the rest. In light of the projected financial condition of the Hospital, this change is not recommended.

Article XXI - Change to appropriate date. The change is recommended.

Article XXII - Section 2 - Standby pay of \$2.50 per hour. This change is not recommended for reasons set forth in the earlier discussion of standby pay.

Article XXII - Section 3 - Add to end - If employee is called in, pay should start from beginning of shift. This proposal is not recommended.

Article XXIII - Eliminate caps for L.P.N.s - This proposal has been agreed to by management.

Article XXVIII - Three year contract and change to appropriate date. As set forth earlier, a one year contract is recommended. However, there should be a change to the appropriate date.

Appendix A - Wage Schedule - After one year of seniority, every L.P.N. will be an L.P.N. II (percentage per hour increases listed in proposal) This proposal is not recommended except to the extent that it is not inconsistent with the earlier wage recommendations.

Employees being reduced in status from full-time to part-time shall not suffer loss of benefits. This proposal is not recommended as no justifiable reason was presented for it.

Retirees to have option of carrying insurance under present group plan. This proposal is not recommended for the reason that retirees are not any longer employees.

D - Payment of wages upon lay-off or termination (immediately, rather than at end of pay period). This proposal is recommended, there being no strong reasons cited against it.

E - Payment of benefits upon lay-off or termination (immediately, rather than at end of pay period). This proposal is recommended for the same reason.

F - Pay shortages of four hours or more to be paid to employee within 24 hours of pay day. The following is recommended - pay shortages of four hours or more to be paid to employee within 24 hours of notification of shortage by employee.

G - Dietary checker shall not perform supervisory position. There being no opposition voiced to this proposal, it is recommended.

H - All prior letters of understanding are to become part of the contract. This proposal is not recommended for the reason that the Fact Finder

has not been convinced that he has been made aware of all prior letter of understanding.

UNIT 2: Unit 2 - It is noted by the Fact Finder that all findings of fact and recommendations made up to this point in the report are applicable to both bargaining units, except where it expressly refers only to Unit 1 or it is otherwise obvious that it refers only to Unit 1.

The following findings of fact and recommendations relate solely to Unit 2 of the SEIU. The first major issue involving Unit 2 is whether or not Unit 2 should continue to have a contract separate from that of Unit 1. Unit 2 wants an agreement separate from that of Unit 1 because it is a separate bargaining unit. Management is opposed of these separate agreements because one agreement would be easier to implement and it is argued that there are no MERC decisions preventing consolidation of the agreements. The argument of management goes that if there are specific provisions that need to be addressed, this can be done in a specific article or a separate letter of understanding or memorandum of understanding. It is found that since Unit 2 is a separate bargaining unit, it is entitled to have its own contract separate from that of any other bargaining unit, and accordingly, separate contracts are recommended.

Following are the specific issues raised by the proposal of Unit 2.

1. Article 6 - Section 1 - B - (page 6) Change to read: Any technologists unregistered upon hire, shall be allowed two attempts to become registered within a reasonable period. Failure of the technologist to gain registration on the second attempt will result in discharge without recourse. Management's counter-proposal is contained in its proposed Memorandum of Understanding, paragraph 1, which is located at page 27 in Exhibit E12 which was reproduced earlier in this report. The issues raised by the counter-proposals are:

A. Whether contract language requiring licensing of technologists

for continued employment should be deleted. There was no evidence presented in support of the proposed change in this regard. From the information available to the Fact Finder, it appears that the licensing requirement is reasonable and continuation of that language is recommended.

B. Whether failure to obtain registration and/or license within six months should be replaced by language allowing the technologist to attempt to become registered (or licensed) within a reasonable period. There was also no evidence to support this proposed change. It is found that the proposed "reasonable period" is too ambiguous a term to be incorporated into the new contract, whereas the six month provision is definite and without evidence to the contrary, seems reasonable. Accordingly, the proposal is not recommended for incorporation in the contract.

2. Article 7 (page 10) - Add sections to read - (a) In the event a technologist is to be disciplined or reprimanded, the Hospital shall do so within seven days of the alleged violation or forfeit the right to do so. (b) After one year documents of a disciplinary or derogatory nature maintained in a file on a technologist shall be surrendered to the technologist in the presence of the steward.

In regard to proposed section (a), it is found that the evidence necessary for discipline or reprimand may not be available or gathered within the proposed seven days, or for that matter, within any particular time period that can be ascertained in advance. For that reason, the addition of that section is not recommended. A similar provision to section (b) is contained in Exhibit E1, the Unit 1 agreement. It is located at Article VI, Section 5. For that reason, it is recommended that a section or additional sentence be added to Article 7 in the Unit 2 contract with language to be identical to that currently contained in the Unit 1 contract.

3. Article 10 - Section 2 - (f) - (page 18) - Change to read: (a)

Any sick leave earned in excess of 30 days may any time be cashed in at the option of the technologist at 100% of current value. (b) A technologist terminating its employment shall be paid any accrued sick leave at 100% of current value.

Due to the projected financial condition of the Hospital, these changes are not recommended.

4. This proposal has already been addressed earlier in the report (funeral leave).

5. Article 10 - Section 6 - (page 21) - Add paragraph to read: The technologist shall be paid 50% of its current hourly rate for 90 days from time of maternity leave onset. Due to the projected financial condition of the Hospital, this additional paragraph is not recommended.

6. Article 11 - (page 23) - Add to read: The supervisor will not perform any "technologist work" resulting in the reduction of hours or lay-off of a technologist. This proposal is similar to that made by Unit 1 in regard to Article XXIII of their agreement. In keeping consistent with the recommendations in regard to Unit 1, this proposal is not recommended, for the same reasons set forth in regard to Article XXIII.

7. This proposal is not recommended for reasons set forth earlier.

8. Article 17 - (page 26) - Add section to read: Shift times shall be standardized (i.e., day, afternoon, midnight), and will not be altered unless agreed to be the technologist(s). It is found that there may be reasons at times that necessitate altering shifts. For that reason, the proposed section is not recommended.

9. This proposal is not recommended for reasons set forth earlier.

10. Article 17 - Section 11 - (page 29) - Change to read: The technologist performing work at end of shift and department closing time thereby occurs will have the option of either doing the work (at overtime rate) or activating the technologist on standby. If the above technologist is on standby work performed

after shift closing time will automatically become call-in (at such rate). There being no evidence presented in opposition to this proposal, it is recommended that Section 11 be modified to read as follows: The last person on duty in each department (subject to this agreement) prior to closing the department and punching out, shall contact the admitting office and switchboard to find out if there are any patients requiring services of that department. If there are any such patients, that employee shall have the option of remaining on duty and performing the necessary services for those patients at overtime rate.

Upon completing the services required for such patients, the employee shall again contact admitting and the switchboard to inform them that he is punching out and that the person on call should be contacted for any additional services needed. If the employee chooses to not perform the services for those patients, he/she shall have the option of activating the technologist on standby provided however, that in the event an emergency arises necessitating immediate services, the employee on duty shall remain on duty until the emergency is over, at overtime rates. If the employee on standby is also the employee on duty, work performed after shift closing time will automatically become call-in at such rate.

11. Article 20 - (page 32) - This proposal is not recommended for reasons set forth earlier.

12. Article 20 - (page 32) - This proposal is not recommended for reasons set forth earlier.

13. Article 20 - Section 1 - (page 32) - The Fact Finder does not find there to be sufficient reasons for the Hospital consulting with the Union before changing carriers and accordingly, this proposal is not recommended.

14. Article 20 - Section 3 - (page 32) - Change to read: The level of contribution show increase from 7% to a guaranteed 8%. This proposal is not recommended by reason of the projected financial condition of the Hospital.

15. This proposal is not recommended for reasons set forth earlier.

16. Article 20 - Section 6 - (page 33) - Change and add to read:

(a) 50/50 basis to become 80/20 basis with the inclusion of \$650.00 annual orthodontal plan coverage. This proposal is not recommended for reasons set forth earlier.

(b) The dental insurance plan applied by the Hospital will be in consultation with the Union. This proposal is not recommended for the same reasons as set forth in regard to proposal 13 above.

17. Article 21 - (page 33) - Add sections to read: (a) The technologist shall have the option of either taking vacation days or cashing vacation days and working. (b) A technologist terminating its employment shall be paid any accrued vacation days at 100% of current value. These proposals are not recommended for reasons set forth earlier.

18. Article 21 - Section 1 - (pages 33 and 34) - Change and add to read: (a) At the end of one year to the completion of the fourth year: 11 days paid. (b) From the end of the fourth year to the completion of the sixth year: 14 days paid. (c) From the end of the sixth year to the completion of the 11th year: 17 days paid. (d) From the end of the 11th year to the completion of the 16th year: 22 days paid. (e) From the end of the 16th year to the completion of the 20th year: 25 days paid. (f) From the end of the 20th year and thereafter: 30 days paid.

Proposal (f) is not recommended for reasons set forth earlier. The remaining increases in vacation days (paid) are also not recommended for the same reasons.

19. Schedule "A" - (page 1 a) - Add section to read: In addition to appropriate hourly rate, technologists will be paid an hourly longevity bonus amounting to 5¢ per year of employed service. This proposal is not recommended for incorporation into the contract due to the projected financial condition of the

Hospital.

20. Schedule "A" - Section 1 - (Page 1 a) - Calculate and adjust to read: An annual 10% across the board hourly wage increase per term of agreement. This proposal is not addressed by the Fact Finder due to the earlier recommendation of only a one year contract.

21. Schedule "A" - Sections 3 and 4 - (pages 1a and 2b) - Change or change to read: (a) Eliminate or minimize "standby" and "call-in" by hiring technologists for separate shift coverage or . . . (b) Define standby as not more than one commencing shift of eight consecutive hours. A standby commencing shift shall be paid accordingly as below. (c) Reconstitute standby at not less than one-half of that received per regular shift. (d) Reconstitute call-in time for laboratory technologists at two and one-half times their regular hourly rate; with guaranteed minimum of one hour per call-in at such rate. (e) Reconstitute call-in for x-ray technologists at \$20.00 per patient. These proposals are not recommended, as inconsistent with the earlier recommendations in regard to standby and call-in pay.

22. Schedule "A" - Section - (page 3c) - Change to read: (a) All technologists working the afternoon shift shall receive a 50¢ per hour shift premium. (b) All technologists working the midnight shift shall receive a \$1.00 per hour shift premium. These proposals are not recommended for inclusion in the contract due to the projected financial condition of the Hospital.

23. Proposals, other - Include to agree: (a) Other issues arising during collective bargaining shall become "open issues for negotiation". The Fact Finder has operated under this premise and believes that he has addressed all issues raised during fact finding. (b) Unit 2 will entertain a final agreement term consisting of three years. The Fact Finder recommends a one year agreement as set forth earlier. (c) The Hospital and Union will provide within the final published agreement, an extensive alphabetized index of matters therein for ready-reference

purposes. Having reviewed the prior agreements between the Hospital and the SEIU, the Fact Finder believes that such an index would be useful and convenient and recommends it.

UNIT 2 - ADDITION PROPOSALS:

1. Article 1 - Section 1: Re-word - The Union has not proposed how this section would be re-worded and therefore no re-wording is recommended.

2. New Article: New classification: In the event the Hospital shall establish a new classification within the Hospital, the Hospital shall notify the Unit chairman in writing of the classification and a rate for same. Said rate shall be binding on the Union unless the Union shall, within 30 days of receipt of said notice, advise the Hospital's administrator in writing of the Union's desire to negotiate the rate. In case of such notification to negotiate, the parties shall negotiate the rate. In the event a rate is not agreed upon within 60 days from commencement of such negotiations, either party may submit the rate to arbitration in accordance of Step 6 of the grievance procedure herein. This proposal is identical in part to the proposal by Unit 1 in regard to Article IX, Section 3 of its agreement. The proposed change in language is not recommended for the same reasons set forth in regard to Unit 1.

3. Schedule "A" - Add new section: Any employee who has successfully obtained a degree, registration or certificate that furthers his proficiency in his field will be paid \$1.50 per hour over their regular classification. I find that registration and/or certification makes new services available in the Hospital. However, the projected financial condition of the Hospital does not allow for this proposal and it is not recommended at this time.

CONCLUSIONS

It is noted that the Fact Finder is aware that the majority of the recommendations favor management. This result has not been without a great deal of thought and some reluctance due to the number of years the members of the two bargaining units have gone without wage increases or appreciable increases in benefits. The Fact Finder is of the belief that this result is the product of a larger financial problem that impacts on the entire Hospital industry, as a result in the change in Medicare reimbursement from the implementation of the DRG program. It is true that the Hospital is currently solvent and the financial crisis it claims to face is projected into the future. Such projections are not certain to materialize or to be immune to future events and occurrences but provide the best information available and certainly the best information that was presented to the Fact Finder at this hearing. A Hospital is first and foremost a business because if it cannot survive financially it will not exist to service the medical needs of the public. For that reason, hospitals, as any other businesses, must rely to a great extent on financial projections. The Union has indicated that its mistrust of the projections lies not in the projections themselves, but in their past experiences with management. Specifically, the Union reports that even before the implementation of DRGs, it received "sob stories" from management which has always made it difficult to receive wage or benefit increases. Compounding this mistrust is the fact that the R.N.s and management have received increases in wages and benefits and Union's belief that after this contract is signed there will be further increases among R.N.s and management. It is the belief of the Fact Finder that the greatest value of the fact finding process in this instance to the Union is that management has been required to put its cards on the table, so to speak. Management has substantiated its financial predictions with the projections and audit figures

and furthermore, has assured the Union during the fact finding hearing that it does not intend to agree to increases in wages and benefits among the R.N.s and management. The Fact Finder in this hearing has no power to make recommendations in regard to R.N.s and management in terms of their wages and benefits, but points out that if there were to be increases in wages and benefits among those groups after the signing of this contract, that the Union will have established evidence to support its mistrust, which it has not been able to present up to this point in time. That is the reason for the recommendation of a one year contract so that after the expiration of that one year contract, the financial information and representations of the intentions of the parties can be reviewed in light of the facts that materialize between now and that time. These recommendations are intended to assist the Hospital in getting its expenses in line. It is recommended that the Hospital continue its efforts in the areas of attaining greater market share, new ventures, and political activities. Substantial strides should be possible in all of these areas within the next year, so that the Hospital can "get its house in order". If at the expiration of this new contract, the Hospital still does not project sufficient revenues to allow for wage increases, it is suggested that management take a long look at requesting a millage increase. However, I find that increasing wages and benefits at this time would, from the best information presented, likely contribute to closure of the Hospital within a few years, which would force the loss of the jobs of all employees. A number of the Union members have expressed the attitude that they would prefer to take a chance on the loss of their job rather than accept a wage freeze or decrease at this point in time. However, that position is not unanimous and the steps taken must be in consideration of those employees who would prefer to continue having employment even without a current wage increase. Further, some of the employees who indicated that they did not wish to accept a wage freeze, even if it may mean loss of their job, acknowledged that

they may have a difficult time obtaining additional employment if the Hospital did close, and yet expressed great interest remaining in the Manistee area. At any rate, if the Hospital were to reach a point where it were in fact losing money, it would not have any obligation to keep its doors open, and its closure would be detrimental to the Manistee community and surrounding area. This would be true even more for the Hospital than for the several other industries and businesses that have gone out of business in the Manistee area in recent years, this being due to the nature of the Hospital and the medical needs of the community.

DATED: September 30, 1986

Thomas B. North
THOMAS B. NORTH