

**State of Michigan**  
**Department of Consumer & Industry Services**  
**Employment Relations Commission**

In Re: Fact Finding:

Jackson County Road Commission

and

AFSCME Council 25

MERC Case No: D03 A-0238

Bernard Klein  
Fact Finder

Report of the Fact Finder

Appearances:

For the Employer      Michael R. Kluck, Esq.

For the Union          Donald Gardner

**Chronology**

The current Agreement ran from March 16, 2000 through March 31, 2003. Negotiation sessions ensued and some tentative agreements were achieved. The parties finally agreed to let the current Agreement stand with the exception of the six (6) issues that were presented to the Fact Finder. These six issues were:

1. Vacancies
2. Paid Time Off Benefits
3. Health, Drug, Vision and Dental Benefits
4. Holidays
5. Job Classification and Hourly Rates of Pay
6. Duration

The Union filed a petition for Fact Finding on July 14, 2003 and this Fact Finder was appointed on November 17, 2003. A pre-Hearing conference was held on March 26, 2004 and a Hearing was held at the Road Commission offices on March 29, 2004.

There was some dispute regarding comparables. The Fact Finder allowed the comparable counties submitted by both parties taking into consideration the reservations regarding the inclusion of Ingham, Saginaw, St. Clair and Washtenaw counties.

### **Consideration of Issues**

#### **1. Seniority and County-wide Equipment Vacancy**

Several pieces of equipment are excluded from the bidding process under the current Agreement. The Union seeks to remove that exemption from the bidding process and allow county-wide bidding by seniority for these pieces of equipment. The Employer, speaking through their advocate as well as through testimony of Ken Straub, County Highway Superintendent, claims that the exemption gives the Commission greater flexibility especially in regard to equipment of limited use through the year.

This Fact Finder finds more merit in the Union's position on this issue. While it might seem to limit flexibility in the short run, it could provide a fairer method of awarding the opportunity for salary enhancement and in the long run after adjustments are made, the system can be just as flexible. It would appear that most of the comparable counties use the county-wide seniority system and do not appear to have a limit to their flexibility which is another argument in favor of inclusion of the exempted equipment at least for the equipment used most often through the year.

#### **2. Paid Time Off**

The Employer in attempting to limit the "spiraling" costs of health care proposes to limit its responsibility to provide health insurance for non work related injury or illness to four (4) months while the Union seeks coverage for one (1) year. Then there is also the issue of when this coverage becomes effective. The Union seeks coverage to being on the first day of inpatient hospitalization while the Employer seeks continuation of the coverage beginning on the 8<sup>th</sup> day of

illness or hospitalization. It is expected that the employee pays for the first seven (7) days through other benefits or personal costs.

This Fact Finder is very sympathetic with the Employer's attempts to control health care costs and recommends raising the Employer's offer of a four (4) month maximum to a six (6) month maximum. This is in keeping with most of the other comparables and is not as exorbitant as coverage for a full year.

It is also recommended that the coverage to begin as exists in the current Agreement. Very few employers provide coverage for the first seven (7) days and it is not unreasonable to expect an employee to tie in this benefit in "coordination with other benefits."

### **3. Health, Drug, Vision and Dental Benefits**

The Employer seeks changes in health insurance plan while the Union seeks to keep the present plan except for both parties agreeing on changes in duration of leaves for work related and non work related injuries. The Employer proposed changing all health insurance coverage to BC/BS Point of Service Plan 6, increasing employee co-pay on prescription drugs and requiring employees to pay 10% of all future premium increases.

This Fact Finder is very sympathetic to employers' trying to rein in health care costs. However it appears that the change is too drastic and not necessarily justified for current employees. The Employer should consider some variation of the Union's offer during negotiation though it is not quite adequate in its savings. Also while it would be preferable not to be burdened with a two-tiered system of employee contributions and co-pays, it might be the only way to keep the change in employee contribution from being too drastic while new hirees would be aware of the costs from the outset of their employment. A fair compromise would appear to have all current employees contribute 5% a month toward the health care premium while those hired after the date of the Agreement would contribute 10% per month. The present BC/BS plan (Traditional BC/BS PPO 1) would remain in effect with the same co-payment for prescription drugs as at present. In addition changing coverage to begin 90 days after hire as against 60 days seems reasonable. Likewise the current provision regarding the length of benefits after absence from

work (1 year if non job related, 18 months if job related) is reasonable enough and no overpowering need for change was presented.

The vision and dental plan provided by the parties are the same coverage but differ on the funding. The Employer seeks cost sharing (95% employer-paid, 5% employee paid) while the Union seeks the present system of 100% employer paid. This issue is a tough one for the Fact Finder in that one hates to take away a benefit currently enjoyed but yet must be mindful of the spiraling costs to the Employer of health care costs. For this reason it is recommended that the costs be shared under the 95%-5% formula.

The question of retiree coverage is a bit more complicated. The Fact Finder recommends that there be no change for current retirees but cost sharing be implemented for those retiring after a date certain, such as date of implementation of new Agreement. This cost sharing for future retirees should be the same 95%-5% and benefits should continue to be coordinated with those of Medicare/Medicaid and Social Security.

#### **4. Holidays**

The Union seeks an additional "floating" holiday while the Employer does not see a need and of course is concerned about the cost. This Fact Finder does not understand why adding up all the possible off days is comparing "apples to oranges" as claimed by the Employer. Yet neither has there been any overpowering reason to add one more paid day off and so would recommend leaving the holiday provision as it exists in the current Agreement.

#### **5. Wages**

The Union seeks a 3% wage increase for each covered by this Agreement while the Employer proposes 2% after the signing of the Agreement and 1.75% for each of the 2 years thereafter. Leaving aside the question of amount for the moment, this Fact Finder sees no reason to forego the retroactivity. If that were to happen it would mean that the employees alone would bear the burden of the slowness of the negotiating and fact finding process while the Employer would benefit. The Employer claims that retroactivity rewards stalling in the process but this Fact Finder does not wish to assess blame for the slowness of the process and indeed might even share some of the blame.

Regarding the amount recommended for a wage increase, this Fact Finder recommends:

2.5% increase in all wage rates for 2003-2004 retroactive  
2% increase for 2004-2005  
2% increase for 2005-2006

This increase would apply to the equipment incentive pay on the same basis. To not include the incentive pays would erode the differential and no reason was given to do that.

This Fact Finder believes that this proposed wage is sustainable by the Employer and not out of line with most of the comparables. It should also be noted that the recommendation of sharing health care costs and lengthening the time for beginning of benefits should help mitigate the burden of the proposed wage increase.

#### **Duration of Agreement**


Both parties prefer a 3-year Agreement though they differ on when the Agreement starts and when it ends. As stated earlier this Fact Finder believes that it is unfair not to grant retroactivity in wage increases to the beginning of this period of effect, namely April 1, 2003 and have the Agreement run until March 31, 2006.

The question then arises on how to time the implementation of the change in cost sharing of the health care costs. Inasmuch as the "premiums" have already been paid, it is recommended that the cost sharing be only made retroactive to April 1, 2004. Otherwise it would be too much of a sudden burden on the employees.

#### **Conclusion**

This Fact Finder wishes to thank the parties for their cooperation in this case and hopes that the recommendations can serve as a basis for Agreement.

Respectfully submitted,



Bernard Klein  
Fact Finder

Dated:  
June 28, 2004