

**Fact Finding Recommendation**

In the matter of the Fact-Finding between:

**Ionia Country Road Commission**

and

**Teamsters Local Union 406**

**Case No. L03 H-9006**

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**Fact Finder – C. KEITH GROTY**

**Appearances:**

**Employer**

Michael R. Kluck, Attorney

Dorothy Pohl, Managing Director

Earl S. Strater

**Union**

Fillipe S. Iorio, Attorney

Blaine Lowetz, Witness

Tom Renucci, Witness

Bruce Harvey, Business Agent

Hearing Held: January 18, 2005

Time: 10:00 a.m.

Briefs Filed: February 25, 2005

## Findings and Conclusions

The fact-finder was appointed on August 3, 2004 by the Michigan Employment Relations Commission. When the fact-finder attempted to establish a hearing date, he became aware that the parties were in dispute over the issues submitted to the fact-finding process. As a result, the fact-finder remanded the case back for further mediation. The parties met with the mediator on November 23, 2004 and determined that the following issues were open and unresolved:

- Duration
- Section 8.5 – Pension Trust
- Section 5.1 – Promotions or Transfers into the Mechanic Classification
- Section 8.1 – Health Insurance Coverage
- Section 8.1 – Retiree Health Insurance Coverage
- Section 8.1 – Employer Contributions to Retiree Health Insurance Coverage
- Section 8.1 - Employer Contributions to Health Insurance Coverage
- Section 7.9 – Rates of Pay

A fact-finding hearing was held on January 18, 2005 at the Administrative Offices of the Ionia County Road Commission. The parties closed their presentations with post hearing briefs.

### History

The parties began negotiations for a new contractual agreement on September 9, 2003. After a series of bargaining sessions, the parties had removed from considerations some issues and reached tentative agreement on others. The Employer made a final offer that was then submitted to the union membership on November 13, 2003 and, with some modifications, again on March 10, 2004. These were rejected by the membership.

At the time of the fact-finding request, the Employer notified the Commission and the Union that there were additional items for fact-finding beyond those proposed by the Union. The Union objected to these additional items, and filed an Unfair Labor Practice petition. That matter was not heard and determined before date of the fact-finding hearing. Therefore, the fact-finder is left to decide whether to make recommendations on the disputed issues.

## Decision

Since the Union membership rejected two proposed agreement, there was no agreement and the parties must be open to address any issue raised by either party in an attempt to find an agreeable contract proposal. Without a ratified agreement, there is no agreement. Tentative agreements are just that, “tentative” until ratified or rejected by vote of the party’s principals. The fact-finder does not find the employer’s proposals, as submitted to the fact-finding process, presented “without reasonable justification”. Justification for each proposal was offered and supported from the Employer’s perspective.

It is the purpose of the process for the fact-finder to make a recommendation the parties can use to finalize a contractual agreement. Therefore, he should not ignore the issues sent from the mediation process because of one party’s objections. If in the final bargaining an issue is eliminated from consideration, that is the nature of the bargaining process, which is best left in the hands of the parties, not the fact-finder.

### Findings and Recommendations

After review of the briefs and exhibits from the hearing, the fact-finder makes findings and recommendations as follows:

#### Promotions or Transfers into Mechanic Classification

The Employer proposed new language that could require applicants to meet certification, advanced training or ownership of their tools to qualify to apply their seniority for the appointment. The Union objects that this issue was added after the rejection of the last best offer, and there has been no bargaining on this subject.

The fact-finder believes employees should be allowed to exercise their seniority as in the past. However, the Employer has the right to qualified employees in the mechanic position. Therefore, it is recommended that employees promoted or transferred to open positions by seniority serve a trial period of three months to establish their qualifications for the position. If the Employer determines that the employee is not qualified, the employee can be removed and returned to their prior status. This action of the

Employer can then be grieved by the Union if they believe an error has been made.

#### Regular Employee Health Insurance Coverage and Contribution

A major point of disagreement concerns the health care program. The Union would like to maintain the present contract language. The Employer wishes to introduce a series of changes that limits the present and future cost liability to the Employer. In the present conditions of health care cost increases, it is not unreasonable for health care plans to be modified to influence the utilization of insurance coverage so that users of the health care system become “purchasers” of health care, as they are for other goods and services. This is generally accomplished in at least two different ways: by employee participation in the premium costs, and by paying for a portion of the cost at the point-of-service. The Employer has proposed both of these approaches.

The fact-finder believes it is reasonable to include in the contract changes a requirement for employees to pay some cost of health care so that funds are available to provide base wage increases. The base wage must be increased

so that the employer can be market competitive for hiring and maintaining qualified employees.

While the least expense method to contribute to health care costs is for everyone to contribute to premium costs, this method does little or nothing to change consumer behavior to make sure those who seek health care are doing it like they consume other goods and services. To make employees and their dependents aware of the costs incurred when seeking services, they need to make their contribution to costs at the point-of- service. The amount should not be so large as to discourage needed service but enough that they question themselves about the “true need” for the service. These point-of- service co-pays should occur for office visits, prescriptions (generic versus brand) and emergency room visit that are not life threatening.

The fact-finder recommends that the office co-pay be increased from \$10 to \$30 in two steps. The co-pay would rise to \$20 in the second year of the contract and to \$30 in the third. By increasing co-pays in stages, employee and their dependents can gradually adjust to the changes.

The prescription drugs co-pay should increase to recognize the rapid growth in the cost of these products. This should also be done in steps. The first year the co-pays would be \$10/\$20; second year \$10/\$30; and the third year \$15/\$40.

#### Retiree Health Insurance Coverage and Contribution

The Employer has proposed two major changes in the treatment of retiree health care: first, the health benefits to future retirees would “track” that of active employees, and secondly, the health insurance benefit contribution for future Social Security Retirement Age retirees would be capped. The Union rejects both these approaches, and seeks to continue the present contract language.

The fact-finder doesn’t support changing the level of contributions for present employees or retirees by placing a cap on contributions. These employees gained these benefits through their years of service to the employer, and they should not be lost just at the time in their lives where most needed.

However, continuing this practice for future hires cannot be viewed in the same way. It is becoming a more common practice, where retirees get health benefits through their former employer, for newly hired employees to not



contain this benefit in their compensation package. Since they are newly employed, they have many years to prepare for this post retirement situation. Some employers and unions have also come to question whether the employer should pay the cost of dependent health care for both active employee and retirees since many of these persons (dependents) are or have been participants in the workforce for other employers.

Therefore, the fact-finder recommends that persons hired after October 31, 2003 be promised health care contributions by the Employer for only the employee. Dependents could be covered in the health plan with the additional cost being the responsibility of the employee/retiree.

Further, present employees and future employees who become retirees and eligible for Medicare should be required to enroll in that program and then receive a supplemental benefit from the Employer to make their coverage comparable to the coverage of a pre-Medicare eligible retiree.

### Pension

Since there is no evidence in the record of the financial impact of proposed changes in the pension program, the fact-finder recommends no change in the pension program for the duration of this contract.


### Rates of Pay

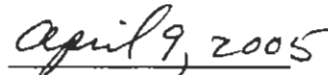
The Employer has offered base rate increases of 1.5% each year for a three-year (36 month) contract beginning from the date the new agreement is signed, plus a signing bonus of \$350. The Union would accept this offer if the Employer withdraws all proposals to change the health insurance and pension programs.

The fact-finder believes the increase proposal is appropriate and should be adopted. However, to help compensate for changes in the health insurance program, he recommends the acceptance of the signing bonus and an additional ½% increase to the base in the third year of the contract.

### Duration

Since the parties have continued to operate under the former contract and employees have received the benefit of health care cost increases paid by the employer, the fact-finder recommended the new contract begin with its ratification by the Union membership.

  
C. Keith Groty, Ph.D.  
Fact-Finder

  
Date