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STATE OF MICHIGAN  
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES  
EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Fact Finding Between:

TEAMSTERS STATE, COUNTY, AND  
MUNICIPAL WORKERS LOCAL 214  
(Bus Drivers and Monitors Unit),

MERC Case No.: D05 A-0047  
Petition Dated: February 23, 2006

Petitioner,

and

ANN ARBOR PUBLIC SCHOOLS,

Employer.

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**APPEARANCES:**

FOR ANN ARBOR PUBLIC  
SCHOOLS:

FOR TEAMSTERS STATE, COUNTY  
AND MUNICIPAL WORKERS  
LOCAL 214:

DYKEMA GOSSETT PLLC  
By: JAMES P. GREENE, ESQ.

RICHARD I. DIVELBISS  
Business Agent

**FACT FINDER'S REPORT, FINDINGS OF FACT,  
AND RECOMMENDATIONS**

## **INTRODUCTION**

A Petition for Fact Finding was filed by Teamsters Local 214 on February 23, 2006. This Petition had a twofold purpose. First, it was directed to the negotiations of a successor agreement with the Transportation Department for the Ann Arbor Public School District for Bus Drivers and Monitors. Secondly, this Petition was directed to the negotiation of an agreement with the same employer for a new Supervisors Unit having responsibility for the Bus Drivers and Monitors.

## **THE BARGAINING HISTORY**

The expiration of the last collective bargaining agreement negotiated between Teamsters Local 214 (Bus Drivers and Monitors) and the Transportation Department of the Ann Arbor Public School District (School District) was on June 30, 2005.

In May 2005, negotiations on a successor contract for the Bus Drivers and Monitors began. At the same time, the parties began to negotiate a new separate bargaining agreement for four employees who had previously performed a supervisory role as team leaders in the Bus Drivers and Monitors bargaining unit and who were now to have additional supervisory duties assigned to them. Later in the negotiation process, the parties agreed to add the Routing Specialist position to this new bargaining unit.

Though the parties met twelve additional times between June 2005 and January 2006 to try and reach agreements on these two collective bargaining agreements, no agreements could be reached. Thereafter, despite the good efforts of James Amar to mediate a resolution to both matters, mediation failed and the Petition for Fact Finding was filed on February 23, 2006.

Between the date of the filing of the Petition for Fact Finding on February 23, 2006 and the fall of 2006, one or more of the representatives of the parties

to this matter met on a number of occasions in a further effort to resolve their differences relating to both pending bargaining agreements but without success.

On October 23, 2006, the parties met with the Fact Finder for a Pre-hearing Conference on the Petition. During this Pre-hearing Conference process, the parties of their own initiative found sufficient common ground in enough areas to reach a tentative agreement for the new Supervisor Bargaining Unit. Subsequently, on December 14, 2006, the members of this new unit ratified the terms of their new agreement.

A second Pre-hearing Conference with this Fact Finder was held on October 31, 2006 relating to the negotiation of the collective bargaining agreement for the Bus Drivers and Monitors again covered by the Petition for Fact Finding filed on February 23, 2006.

During the Pre-hearing Conference on October 31, 2006, the parties initiated a dialogue which ultimately led the parties to reach a tentative agreement for the Bus Drivers and Monitors bargaining unit. However, when the tentative agreement was presented to the members of the Bus Drivers and Monitors on November 21, 2006, it was rejected by them by a reported sizeable margin.

During a joint telephone conference on December 15, 2006, between the parties and this Fact Finder, the Petitioner informed the School District that there were two reasons why the tentative agreement for the Bus Drivers and Monitors had failed to gain ratification. First was the increased cost of health care coverage for less than full time employees hired after July 1, 2004. The second reason was the shifting of all costs for short term disability (STD) insurance coverage from the School District to employees in

the unit who chose to purchase this coverage, whereas STD coverage had previously been provided by the School District at its expense for all of the unit employees.

During this same joint telephone conference, both parties again confirmed that there was agreement amongst themselves to submit written briefs to the Fact Finder in support of their respective positions on the two issues cited above by the Petitioner in lieu of holding a formal hearing. With that understanding, the parties agreed on a schedule for submitting briefs, and if appropriate, as determined by each party, rebuttal briefs, to this Fact Finder. This briefing process was completed on March 1, 2007.

### **THE ISSUES**

The two issues separating the parties may be summarized as follows:

- A. Should the existing health care provisions be modified so that the School District is obligated to contribute more towards the premium for incumbent employees in this bargaining unit hired after July 1, 2004 and for future hires working fewer than seven hours a day?
- B. Is the School District's proposed discontinuation of fully paid STD insurance for all the employees in the unit reasonable given the parties' bargaining history?

### **DECISION CRITERIA**

As a fact finder, it is my responsibility to carefully weigh the facts as briefed by both parties on the two issues that still separate the parties from reaching a new successor agreement. In acting on this responsibility, and in preparing my recommendations like fact finders before me, a sound source of guidance as to the criteria that I should apply in reaching my conclusions is found in Section 9 (MCLA 423.239) of Act 312 of Public Acts of 1969.

Though the legislature enacted these criteria as a guide for arbitrators acting on Act 312 matters, this criteria has evolved into a guide for fact finders as well. The list of criteria that arbitrators under that Act are to apply, and which I will take into account in this matter are:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - (i) In public employment in comparable communities.
  - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

With this criteria in mind, the financial ability of the School District, the comparability of insurance coverages within the School District, the comparability of insurances with the stipulated School Districts (Lansing, Livonia, Plymouth-Canton, and

Walled Lake), and the bargaining history of the parties will serve as the principal criteria supporting the Findings of Fact and Recommendations to be made in this Report.

### **HEALTH CARE COSTS**

The brief submitted by the School District makes a persuasive argument to this Fact Finder regarding its deteriorating financial condition in terms of both its current and future state. This condition is due primarily to a drop in student enrollment and a likely shortfall in State aid. The Petitioner as well, in its rebuttal brief, acknowledges that funding difficulties exist for schools. But also adding to the School District's growing financial problems is the ever increasing cost of the health care benefits it provides to its employees, including the members of Local 214. This is a fact which I recognize and a fact which the Petitioner also acknowledges in its brief.

To help the School District with its increasing medical costs, Local 214 has agreed to accept a somewhat lower level of health care benefits for all of its members (Plan A). Prospectively, if Local 214 members elect to upgrade to the level of health care benefits they currently have (Plan B), they will have to pay the premium cost difference between Plan B and Plan A.

While Local 214 is offering to help the School District lower its health care costs with one hand as cited above, I find that, unfortunately, Local 214 also seeks to substantially add to the financial burden of the School District for health care costs with its other hand.

To better explain this situation, both the School District and Local 214's proposals on the subject of health care follow:

**School District Premium Proration Formula for Health Care  
Tentative Agreement 10/31/06**

The Employer's and the employee's respective contributions toward the premium cost of the foregoing coverage shall be as follows:

**EMPLOYEES HIRED BEFORE JULY 1, 2004**

Regular Hours* Worked Per Day/Per Week (*Excludes field trips and all extra work)	Percent of Employer Contribution to Monthly Premium Cost	Percent of Employee Contribution to Monthly Premium Cost
4 or more hours per day/ 20 or more hours per week	100%	0%

**EMPLOYEES HIRED ON OR AFTER JULY 1, 2004**

Regular Hours* Worked Per Day/Per Week (*Excludes field trips and all extra work)	Percent of Employer Contribution to Monthly Premium Cost	Percent of Employee Contribution to Monthly Premium Cost
4 or more hours per day but less than 6 hours per day/ 20 or more hours per week but less than 30 hours per week	50%	50%
6 or more hours per day but less than 7 hours per day/ 30 or more hours per week but less than 35 hours per week	75%	25%
7 or more hours per day and 35 or more hours per week	100%	0%

**Local 214's Position on Health Care Costs Prior to 10/31/06 Tentative Agreement**

Accept the Employer's concept that the present health insurance benefits package be retained as "Plan B" and that a new fully paid package of reduced benefits be instituted as "Plan A."

Current members would be eligible to select Plan A, but could upgrade to Plan B by paying the difference in premium cost between the two plans.

New hires would be eligible to select Plan A and would contribute to the premium cost on the following schedule (calculated from their date of hire):

1st year	25%
2nd year	20%
3rd year	15%
4th year	10%
5th year	0 %

New hires could select Plan B by paying their Plan A contribution rate plus the difference in premium cost between the two plans.

What I find grave about Local 214's health care proposal is that it represents a significant loss of revenue to the School District from a multiple of sources. First, this proposal would allow post July 1, 2004, new hires to pay only the premium difference if they chose to upgrade from Plan A to Plan B, and to forego their current level of premium proration cost for their Plan A health care coverage.

Secondly, the Union's proposal would significantly reduce the premium proration formula for the health care plan (Plan A) that all prospective new hires would have to pay for, and have the School District pay 100% of the cost of health care for these new hires beginning with the fifth year of their employment with the School District at some great cost to the School District. Currently, post July 1, 2004 new hires are not eligible for 100% health care coverage from the School District until they are working 7 or more hours a day and 35 or more hours a week.

Presently there are approximately 130 Bus Drivers and Monitors in Local 214. As reported by the School District, 73% of these employees were hired prior to July 1, 2004. The health care insurance for all these employees is 100% paid by the School District. Additionally, all Local 214 hires after July 1, 2004 who work 7 or more hours per day receive fully paid health care insurance from the School District.

In reviewing the health insurance coverage proration premium levels for the four stipulated comparable School Districts, two of these School Districts do pay 100% of the insurance premium for employees who work 6 or more hours a day. However, I find that

none of the stipulated comparable School Districts pay 100% of their bus driver employees health care premiums starting with the fifth year of employment, as the Petitioner proposes, unless said employees are working a full time assignment as defined in each of their respective collective bargaining agreements.

Admittedly, the Ann Arbor Public School District does not pay 100% of the health care premiums for employees hired after July 1, 2004 until they work 7 or more hours a day and 35 hours per week. But after reviewing Exhibit #19 of the School District's brief, I find that other than in the case of child care workers, all of the bargaining unit employees in the School District are consistently required to work a minimum of 7 or 8 hours a day before its employees are eligible for 100% paid medical. I also find that the medical insurance premium proration percentages asked of the Local 214 Bus Drivers and Monitors currently and again under the tentative successor agreement are consistent with what is required of every other non-teaching union employee who works for the School District.

In view of the foregoing, I find that the terms of the parties' tentative agreement of October 31, 2006 as it relates to the premium proration formula for health care for less than full time employees is not out of line with what other union employees within the School District and within the stipulated comparable School Districts are asked to pay and is therefore reasonable.

#### **OBSERVATION**

The tentative agreement between the parties would appear to impose an undue financial burden on the School District by reason that upon ratification of the successor agreement, it provides for retroactive wage increases back to July 1, 2005. This represents some considerable cost to the School District.

At the same time, in the case of pending health care plan changes under the tentative agreement, none of the benefits of these changes can begin to accrue to the School District until a successor agreement has been ratified by Local 214.

The members of Local 214 should be aware of this advantage, as things stand now, the next time the membership has a ratification vote on the tentative successor agreement.

### **SHORT TERM INSURANCE**

Article 23 in the current contract between the School District and Local 214 provides paid short term disability (STD) coverage for all the members of the Local 14 bargaining unit. Additionally, it appears that this School District paid benefit has been part of the Bus Drivers and Monitors insurance benefit package since the early 1990's.

When the STD issue was initially raised at the bargaining table by the School District, the employer's reported objective was not to eliminate this benefit, but to reduce its costs for STD insurance by restricting its coverage just to the work year.

As briefed by the School District, it was concerned that some employees were signing up for summer bus driving assignments with the intent of filing for STD benefits in lieu of fulfilling their work commitment.

The parties differ in their briefs as to who first raised the suggestion of eliminating the STD coverage and redirecting the premium monies paid by the School District for this benefit into the employees' base wages. Nevertheless, an agreement to this effect was reached by the parties during the Fact finding Pre-hearing Conference on October 31, 2006.

Only one of the four stipulated comparable School Districts (Livonia) provides STD insurance at its expense for their bus drivers. And though the School District does

not pay the premium for STD coverage in any of the contracts it has with other comparable employee groups within the School District, I do recognize the fact that STD insurance has been part of the Local 214 bargaining agreement since the early 1990's.

Furthermore, it appears that if Local 214, in giving up their current STD insurance benefit, thought that the premium cost saved would be used by the School District to enhance the members' wage improvement in the successor agreement at issue, that may not have necessarily been the case.

I have carefully reviewed the School District's Salary Settlement Comparison set out in the School District's brief (Exhibit #11). Based on the review of this data, I could not reasonably discern that Local 214 members received any appreciable recognition in their final wage settlement offer from the School District for its waiving of their current STD benefit over what they would otherwise have received as a wage settlement from the School District without this waiver.

Additionally, the School District's briefs do not include any financial data on the cost of providing the current STD benefit that might have helped this Fact Finder reach the conclusion that Local 214's waiver of their current STD benefit resulted in sufficient savings to actually improve their wage settlement over those in other contracts that had been recently settled within the School District.

Taking all of these facts into account, we may have an imbalanced outcome, whether intended or not, regarding this issue as negotiated by the parties. In my recommendation I will seek to create an appropriate redress for the Petitioner with regard to this matter while at the same time minimizing any financial impact upon the School District.

## RECOMMENDATIONS

1. The School District's health care proposal as last presented to the Local 214 membership on November 21, 2006 should again be submitted for a vote by the Local 214 membership and be implemented as soon as possible after ratification.
2. The School District should be obligated to include the current STD insurance benefit in the proposed contract settlement that next goes to the Local 214 membership for ratification, but subject to the clear modification that this STD benefit is limited only to the work year.

To help insure that this recommendation for a modified STD benefit for Local 214 members remains within the School District's ability to pay, this recommendation should only be binding upon the parties if the successor contract between the parties, the same of which has been at issue now for 21 months, is submitted to, and ratified by, the Local 214 Bus Drivers and Monitors within 30 days from the date of this Report and Recommendation.

If these two recommendations are ratified, both parties will finally gain the benefits of the successor agreement for which they have negotiated on for so long and waited for so long.

  
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LEWIS BARR  
Fact Finder

Dated: March 8, 2007