MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

EMPLOYMENT RELATIONS COMMISSION

LABOR RELATIONS DIVISION

MICHIGAN NURSES ASSOCIATION,

Labor Organization,

and

ALPENA REGIONAL MEDICAL CENTER,

Public Employer.

FACT FINDING REPORT

Case No: L14J-1028

Fact Finder: Thomas J. Barnes

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Date of Petition: March 6, 2015
Date of Answer: March 16, 2015
Date of Hearing: September 17, 2015
Place of Hearing: Employer's Premises

<u>Counsel for the Association</u>:

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Witnesses: Case submitted on the basis of exhibits and post hearing briefs.

INTRODUCTION AND BACKGROUND

This matter arises out of negotiations between the Michigan Nurses Association (MNA), representing approximately 170 Registered Nurses in a certified bargaining unit with the Alpena Regional Medical Center (Hospital). The parties have had nearly a 50 year collective bargaining relationship with the current contract, a three year agreement, expiring on February 28, 2015. Negotiations between the parties failed to produce a new collective bargaining agreement (CBA) and as a result, the parties proceeded to mediation in February and March without success. Subsequently, the MNA filed a petition for fact finding on March 6, 2015 and the Hospital answered on March 16, 2015. In accordance with the parties' schedules, a pre-hearing telephone conference was held with the Fact Finder on May 11 in order to identify issues, explore the possibilities of resolution, and discuss preliminary arrangements if a hearing was necessary. During that telephone conference, the parties agreed, with the Fact Finder's concurrence, that the matter be sent back to Mediator Kries in an attempt to narrow the issues and/or reach a settlement. A meeting was held with the Mediator on May 27, 2015 without any progress being made. Thereafter, the parties and Fact Finder worked out a date for hearing. Due to one of the parties' counsel's need for medical attention, the hearing was not scheduled until September 3. As that date approached, MNA employed new counsel to represent it at the hearing and at that counsel's request, the hearing was adjourned for two weeks until September 17, when it was held. At the hearing on September 17, the parties' exchanged positions and with the Fact Finder extensively explored the possibilities of settlement. Settlement did not ensue and the parties then agreed to submit the case based on extensive exhibits and post hearing briefs. Post hearing briefs were filed on October 15 and the Fact Finder committed to have his report completed and emailed to the parties no later than October 30, 2015.

Hospital Background

Alpena General Hospital began operating in 1940 and today as Alpena Regional Medical Center describes itself as:

> Northeast Michigan's leading provider of specialty services. We have the region's only full-service cancer center, fixed MRI, cardiac cath lab, and comprehensive rehab program.
>
> . . .
>
> Our behavioral health, pain clinic, rehabilitation and sleep disorders program are among the best in Northern Michigan. In addition, we have the largest medical staff, deliver more babies and perform more surgeries each year than any other hospital in the area.

The geographical location of the Hospital in Alpena County in the City of Alpena accurately confirms the Hospital's self-description. Located as it is near the shore of Lake Huron, the Hospital has little, if any, competition to the north, no competition all the way to I-75 on the west, and little competition south to Bay City. For the most part, that encompasses a 6-7 county area, including Alpena, Presque Isle, Cheboygan, Oscoda, Crawford, Alcona, and Iosco counties. The closest major competitors are Bay City, nearly 100 miles to the south and Saginaw, approximately 120 miles, and Traverse City, also approximately 120 miles to the west.

Overview of Issues

Unfortunately, the parties were not able to reach agreement on a very significant number of issues concerning the negotiation of the new CBA. The Hospital candidly stated that it could afford any and all of the MNA's proposals, but that consistent with its past, sound fiscal management of the Hospital and its growing concern about complying with the cost-cutting measures required by the Affordable Care Act, it needed many amendments/concessions to the CBA. In addition, the Hospital sought these changes based on agreements that had been reached with two other MNA bargaining units and two Steelworker bargaining units. While the parties did reach some agreement on less significant issues, this fact finding report reflects all of the

unresolved issues which are numerous. However, while there are a great number of issues in many cases the differences between the parties are not significant and in several cases minimal differences.

One final note that does not have any particular relevance to this Report deserves mention. The Hospital has been exploring the possibility of merging with another Michigan hospital and it is likely that a merger of some sort may occur in the near future. Based on the Fact Finder's long experience in the health care field, I believe it would be prudent for both parties to have a collective bargaining agreement either before those merger discussions come to fruition or shortly thereafter. It is in that connection then that the following Report is offered.

Criteria for Recommendations

In this case, the Hospital has four other bargaining units, two of which are MNA units; one for the home health nurses (about eight nurses) and one for the supervisory RN unit (about 10 nurses). The Steelworkers (USW) (long time Alpena residents) have the other two units. One unit consists of technical employees, dietary, environmental labs, clerical, maintenance and radiology. The other USW unit covers LPNs, surgical techs, and various care or tech assistants. All 4 of the CBAs are currently in effect with the 2 MNA CBA's, the first to expire in 4 months, on 2/28/16. The MNA bargaining unit in this unit consists of approximately 170 RNs.

The Hospital, as mentioned, has been forthright in not raising any inability to pay argument, for good reason. Over the last four years, the Hospital's net position (assets, less all liabilities) was as follows (rounded): 2012 - $56 million; 2013 - $64 million; 2014 - $71 million; 2015 - $76 million.[1] In addition to Hospital financial projections of downward pressures on

[1] General Accounting Standards Board (GASB) Rule 68 required in 2015 that Hospital's financial statements reflect any unfunded pension liability which in this case was $30,172,364. The CPAs thus reduced the net position of the Hospital at the beginning of the year by that amount thus decreasing the $76 million net to $46 million net at year end.

revenues in future years, the Hospital has gained a number of concessions from the other four bargaining units, two represented by the MNA, which it wishes to pass on to the RN unit in this case.

Before considering each issue on a seriatim basis, the undersigned used the following criteria[2] in determining recommendations on each of the issues:

1) Importance of the bargaining unit relative to the other four bargaining units;
2) Internal comparables (other four bargaining units and non-union employees);
3) External comparables;
4) Hospital's financial position;
5) Cost of living.

What follows below is a consideration of each item raised in post hearing briefs by the parties for the factfinder. In total in fact finding, the employer proposed over 40 changes in the current CBA; the Association proposed 13 changes.[3] In addition to these proposals, there were other changes initially proposed that the parties mutually agreed upon and thus are not within the purview of the factfinder. Addressed first are the Hospital's proposals (which are numbered consecutively) followed by the Association's proposals (also consecutively).

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[2] The Association's citation of Factfinder William Long in the Schoolcraft and MNA case, MERC Case No. L-05G-5007 (May 21, 2007) is duly noted where he set out criteria for determining external comparables, i.e. number of employees in the bargaining unit, geographic proximity, population of the community service area, annual budget, annual patient case load, critical access certification, number of beds, and total number of employees.

[3] While 32 Association positions are listed near the end of this Report the majority of those are simply to retain current contract language.

Hospital Proposed Changes

1. Article 3.01 - Association Membership.

This Hospital proposal consists of three changes, i.e., make the CBA compliant with the Michigan Right to Work Law, remove payroll deduction of dues and require employees at their initiative to have Association dues submitted to the Association from the employee's own financial institution. I do not recommend the Hospital's three proposals for the following reasons:

a) I view these proposals as not consistent with continuing what has been a productive and nearly a half century old solid relationship;

b) The other four CBAs that the Hospital has do not have these provisions;

c) There has been no showing that the existing language is an undue burden on the Hospital's administrative time or finances. Dues deductions from an employee's paycheck are no different than other deductions (tax and otherwise) that have been long processed by the Hospital.

2. Article 5 – Negotiations and Contract Administration.

The Hospital proposes four changes to this Article, i.e., capping the hours for which the Hospital will pay nurses who are involved in labor negotiations, require that the nurses ask for meetings to be scheduled as needed compared to automatically having meetings scheduled monthly, language for defining a grievance by citing the Article and section of the CBA that has been violated and deleting subparagraph 4 as obsolete language, a provision which sets specific staffing levels.

With respect to paid negotiating hours, the Hospital's proposed 80-hour cap is recommended. This would be close to the other two MNA units as well as the Steelworkers (USW) Local 206A unit (the three of which are at 64 hours) (USW Local 204 is at 80 hours).

Eighty hours of negotiating time equates to 10, 8-hour days; it also equates to negotiation sessions at 6 hours, which is not unusual, yielding about 14 days of paid negotiating time. Those numbers should be sufficient to negotiate a contract nearly a half century old. With regard to the second proposal, the Hospital's proposal to require nurses to schedule meetings as needed as opposed to automatic monthly meetings is recommended as a reasonable accommodation to the parties' interests. The Hospital's proposal to add the Article and Section number allegedly violated to any grievance is recommended as sound labor relations and contract administration. Any established policy violation would also be cited consistent with the definition of a grievance in 5.03.B.1.

Regarding Section 5.01.D, the Hospital's proposal to add the word "must" with regard to providing supporting documents for a meeting is recommended. This does no harm to the existing relationship of regular meetings between the NCA committee and the Hospital and puts these meetings on a more business-like basis by requiring either party to provide documents they deem relevant.

The original Hospital proposals regarding Section 5.01.B, subparagraphs (1), (2) and (4) to be deleted was not an issue the Hospital submitted to fact finding and therefore the current contract language with respect to those subparagraphs is retained.

3. Section 5.06.4 – Staffing Levels.

With regard to subparagraph 4 of Section 5.06, the current contract language is recommended since it has not been shown with the current system as inadequate and the studies from the exhibits of the Association with regard to safe staffing, strongly supports the current contract language. Therefore, it is recommended that the current contract language in Section 5.06.B be retained. If the parties mutually agree, or have agreed, that other specific staffing ratios are more appropriate than the current ones, that is left to the parties to work out.

4. Section 6.02.G.5 – Nurse Status – Pull Pay.

The Hospital proposes to eliminate pull pay of $2.50 per hour, which is paid for float nurses who are pulled from a unit which is not specifically listed in their job posting. Currently a nurse pulls from a float position which identifies three units in the Hospital and if that RN is pulled to yet another unit, then the nurses are paid the additional $2.50 an hour for work in that unit. The Hospital cites support for its position of float employees in USW Unit Local 206a (presumably LPNs primarily) are paid a flat rate of $5 where they are assigned to more than one different area during their assigned shift. I conclude that as not a relevant comparison since in this case the RN is already assigned to three areas and could be pulled to yet a 4th, 5th or 6th area in which event the additional pay of $2.50 an hour has previously been determined to be appropriate. I recommend however that the pay be $1.50 per hour effective 3/1/16 to be more in line with internal comparables. RN knowledge across several units is valuable to the Hospital and helps balance work loads/census.

5. Section 7.03 – Job Descriptions.

The Hospital has proposed a new process for job descriptions which would allow it to change the job description by following a prescribed process concluding with the grievance and arbitration procedure after the change has been implemented. The record is devoid, or at least unclear, as to why the current language has presented any problem. In addition, the proposal made by the Hospital would allow it to unilaterally (after getting RN input) change the job description subject to the grievance and arbitration procedure after implementation. A more reasonable approach which I recommend is that either :

a) The current contract language be maintained; or

b) The Hospital's language he implemented subject to expedited arbitration before implementation of any job description change.

6. Article 7.0 – Vacancies, Transfers, Promotions, and New Positions.

The parties have agreed to the changes as part of a comprehensive package with the Association's last/best proposal dated February 3, 2015, and therefore no recommendation is needed.

7. Article 8.02.(A)(1) - Hours of Work and Scheduling.

In its post-hearing brief, the Hospital proposes to change only language in this article that is obsolete. It is recommended that the 2nd and 3rd sentences be deleted as obsolete. The remaining language concerning rotational schedule would remain as current contract language. This recommendation is consistent with the Hospital's post hearing brief which seeks only to delete obsolete language.

8. Article 8.02(A)(1)(f) – A/B Holiday Rotation/Request Days.

Here the Hospital seeks two changes: 1.) a provision that the nurses' rotation may change during holiday weeks based on A/B holiday rotations; 2.) eliminating a full time nurse's guaranteed two request days during the week in which a holiday occurs. The Hospital's post-hearing position was that one holiday be eliminated (President's Day) and that the A/B rotation be restricted to Christmas and Thanksgiving only. It is recommended that part of the Hospital's proposals with respect to 8.02(A)(1)(f) be adopted. As appears later in this Report, the recommendation is that the Hospital's proposal to eliminate President's Day be adopted since it is consistent with the other four CBAs. In addition, it is recommended that three other holidays be eliminated from the A/B rotational schedule and that only three out of the original eight holidays be subject to the A/B schedule, i.e., Christmas, Thanksgiving and July 4. While the factfinder appreciates that other USW bargaining units have enjoyed rotational scheduling and like it, that is not the case with this unit. Simply stated, the rationale for the A/B schedule rotation is that desired holidays off are evenly distributed over time among all RNs. A rotational schedule alone

may lead to several RNs being required to work all desired off holidays in a given year. By reducing the number of A/B holidays by 50%, the Hospital has lessened considerably any scheduling headaches it has encountered.

9. Article 8.02(A)(3) - Vacancy Posting.

The Hospital's proposed change to the scheduling process would allow the Hospital to post vacancies before the final schedule is posted, thus affording the RNs an opportunity to slot into those vacancies in advance of the final schedule being posted. The Hospital claims this would likely result in reduced utilization of agency and increased utilization of RNs. The Hospital's proposal appears eminently reasonable and advantageous to both parties and therefore it is recommended.

10. Article 8.02(B)(2) – Secondary Unit Assignment.

The current CBA exempts RNs with seven years of seniority (14,650 hours) from being assigned to a secondary unit. The Hospital's proposal would change 7 years to 10 years (20,800 hours). That would allow more nurses to be assigned to a secondary unit which the Hospital claims would aid scheduling and help better respond to patients' needs. The Hospital's proposal (which is not responded to in the Association's proposed changes to the factfinder) is adopted as imminently reasonable to be effective in the beginning of the third year the contract, March 2017. This allows a phase in and accomplishes the Hospital's purpose while allowing most RNs who are already at 7 years to appreciate their exemption for 1-1/2 more years.

11. Article 8.03 – Time and Attendance.

The Hospital has proposed adding language which would allow it to implement a new time and attendance system while working with the Association. Since the Association has not opposed this change and it seems imminently reasonable, it is hereby recommended.

12. Article 8.04(A) – Schedule Change.

The Hospital proposes with regard to Exchange Request Forms (trading shifts) to process those electronically through the time and attendance system and since the Association has not objected to that technological improvement, it is hereby recommended.

13. Article 8.05 – Transfer Fee.

The Hospital in its post-hearing brief proposed to eliminate the transfer fee only for float RNs. The Hospital represents the Association has agreed to this and that agreement is recommended.

14. Article 8.07(A) – Call-In.

The Hospital's proposal would eliminate the call in pay provision whereby an RN would receive full shift pay if they report within one hour of their call in to work time. While the other CBAs do not contain this provision, RNs are a more critical care component of a hospital's services and it is not inappropriate to have some recompense beyond the regular hourly wage for being called into work on an unscheduled day. In any event, the most an RN would be paid in such circumstances would be approximately two hours and a minimum of one hour, a minimal incentive for being called on a day that an RN had otherwise planned not to work.

15. Article 8.07(C) – Surgery Call.

This is a very minor economic incentive for RNs who participate in surgery call and since it only addresses actually working for less than two hours with a credit to the on call reserve fund, it is recommended that the current contract language be retained. Bluntly stated, a hospital's census is tied to surgery and retaining this minor benefit recognizes the surgical nurse's commitment to be available at unexpected times.

16. Article 8.09 – Patient Transfers.

This article deals with patient transfers and the Hospital's proposal would eliminate a guarantee of eight hours pay for such transfers. The Hospital did not advance any particular reasons for reducing this guaranteed pay for accompanying a patient in an ambulance or other vehicle to another medical facility for treatment. Therefore, it is recommended that the current contract language be retained since such transfers present risks to the nurse that are not present in their usual hospital environment and leaves the nurse without the professional support staff and equipment available in the Hospital. In addition, these transfers are likely often made without MD accompaniment. This is a small premium to pay for ensuring patient safety and acknowledging an RNs willingness to travel distances in a vehicle outside of the advantages provided by a hospital environment.

17. Article 9.01 - Seniority.

The Hospital in this proposal seeks to change advancement on the wage schedule to a quarterly basis rather than a pay period basis. As mentioned by the Hospital, it has not sought to change the salary schedule by advancing RNs on an hours basis rather than seniority basis which pushes them up the wage schedule when they work overtime and unscheduled shifts. Even though the MNA Unit II has the same existing language with respect to advancement on the salary schedule, this is a reasonable proposal from the Hospital since the administrative task of recalculating hours every pay period for approximately 170 nurses can be time consuming. For these reasons, the Hospital proposal to calculate pay increases on the salary schedule quarterly is recommended.

18. Article 14.01A – Health Insurance and Employee Contributions.

The Hospital has proposed a substantial change in the provision of health care benefits. It proposes substituting in place of a Blue Cross/Blue Shield plan, Community Blue PPO with

prescription drugs, to a Hospital sponsored high deductible plan with a Health Savings Account eligible plan with a $1,300 single and $2,600 family deductible. Currently, the RNs have a $250 deductible plan per person and $500 family. Currently, full time RNs contribute 10% toward their health insurance premiums and part time and job share RNs 20%. Under the Hospital's proposed plan, full time nurses will contribute 20% toward their premium and part time nurses 50% for single coverage and 100% for dependent coverage unless working 832 hours in the previous 26 weeks.

These are major changes in coverage deductibles and premiums paid by the RNs, particularly in a health care setting where nurses are exposed to conditions usually not found in most employment settings. However, all four other bargaining units have agreed to these changes and this will give the Hospital a considerable leg up on controlling future health care costs. It is also very significant to note that these changes have been imposed on the non-union employees as well. In addition, the Hospital has proposed to fund the health savings account (HSA) by depositing each year to an RN's HSA effective January 1, 2016, $650 for single family coverage and $1,300 for two person and family coverage. That covers exactly half of the deductibles under the new proposed plan.

Finally, the Hospital proposes to have part-time employees pay 50% of their health insurance premium for single coverage and 100% for dependents unless they work 832 hours in the previous 26 weeks. The Hospital's proposals, as indicated, are consistent with all four other bargaining units and its non-unionized employees and that is the strongest argument for recommending that the same changes be made with respect to this unit. In that connection, I note the considerably higher contributions proposed for part time employees. However, those contributions of 50 or 100% apply only when part time RNs work less than 16 hours a week in 26 weeks. If they work 16 or more hours in the previous 26 weeks, they step up to the full time

RN contribution of 20%. In order to do that, a nurse would have to average 16 hours a week for 26 weeks, or two days a week on average. I view this as an incentive for part time nurses to step up and work more hours which would not only benefit staffing, but would provide part time RNs with more hours of relevant experience to the benefit of patients and the Hospital. For all of the foregoing reasons, the Hospital's proposal is recommended with respect to health care coverage, the Health Savings Account, and the contributions required from the RNs.

19. Article 14.01(D) – FMLA Leave/Sick Leave Cap/Accrual.

The parties have agreed to most of the changes in this Article with three exceptions. First, the Hospital would require RNs to give notice of at least 30 days in advance of a foreseeable need for FMLA leave and in an emergency situation, notice should be given as soon as practicable. In addition, for foreseeable leaves, the Hospital has proposed if there is insufficient staffing, the employee may be requested to reschedule. I recommend the first change requested by the Hospital since it is consistent with the FMLA. I do not recommend the second change that the employee can be requested to reschedule since that is not an option open to the employer under the FMLA. However, even though this provision is not recommended to be in the CBA, there is no reason why the Administration and the nurse could not briefly explore that possibility.

The third change sought by the Hospital in this article is to reduce the amount of sick time that can be accumulated by reducing the current cap from 560 to 520. As a part of the current contract, the Hospital and Association agree to the elimination of sickness and accident insurance and substituted a sick day bank which effective on March 2014 would result in a maximum accrual of 560 hours. I do not recommend such an abrupt about face to return to the 520 hour cap which was in existence for only the last year of the present contract. However, since all of the other bargaining units and the non-union employees are capped at 520 hours, I

recommend that this unit be capped at 520 hours effective March 1, 2017, the beginning of the third year of the contract. This allows a reasonable transition given the past history and allows nurses to continue to build toward the cap of 560, to be used when such use is necessary.

The final item with respect to the Hospital's proposal on sickness and accident which is not contained in its post hearing brief (and which I would not recommend) is that newly employed RNs not accrue sick leave until they have worked for the Hospital for six months. The current language provides that such probationary employees are credited with sick leave once they have completed their probationary period back to the date of their employment. I recommend for clarity purposes only that language be retained since probationary employees are very much subject to the environmental factors in a hospital that would cause a nurse to need to use sick leave. The same is true with mandating use of vacation time for personal illness since it was not an issue in the Employer's submission to fact finding.

20. Article 15.0 (Vacations) and Article 17.0 (Paid Leave).

In this proposal, the Hospital desires to combine the vacation and paid leave provisions into one bank which would be capped at 31 days or 31,200 hours. As the Hospital candidly acknowledges the net result of this is a reduction of one personal leave day. The Hospital's proposal would make this MNA CBA consistent with all other Hospital employees, union and non-union. As the Hospital observes, even with this proposal, the RNs are at the top of the market and also pointing out that sick days are not included in its proposal. There are a couple of minor benefits to the RNs in that the combination of personal leave days with vacation allows the RNs greater flexibility in their use and the Hospital is not proposing to change the accumulation of this benefit based on hours as opposed to seniority.

The final change proposed is that part time and supplemental pool employees be capped at 1/2 the benefit of full time employees. In the scale of things, this is a rather minor issue and

for that reason I recommend retention of the current contract language. This is particularly so since the part time employees would be absorbing a substantial setback in their health care contributions given the recommendations made herein. It can be noted in this connection that it would take nearly 14 years for a nurse averaging 15 hours a week in order to move up to the 10,400 hours step on the schedule and get 1 day for each 12.38 paid days. This is inconsequential to the Hospital and important to part time nurses, including full time nurses who may elect to continue to be of service to the Hospital by capping their career on a part time basis.

21. Article 16 (Holidays).

As indicated before, the undersigned recommends the elimination of President's Day in accordance with the Hospital's proposal and to reduce the number of holidays eligible for the A/B scheduling from 8 to 3 by eliminating President's Day, Memorial Day, Labor Day, New Year's Day and Easter; leaving Thanksgiving, Christmas Day and July 4 as eligible for the A/B rotation.

22. Article 22 – Wages.

The Hospital has proposed a 1% increase for the contract years 2015, 16 and 17 and to freeze nurses at the 28 and 30 year steps on the salary schedule so they would receive no increase and that the Charge Nurse scale be deleted and instead RNs working as Charges would be compensated $1 per hour additional. The Association has proposed a $750 signing bonus for full time and $500 for part time employees in the first year with a 2% salary increase in 2016 and 2% in 2017.[4] There is no question that as the Hospital has admitted, the Association's proposal with

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[4] The increases negotiated by the Hospital with the other four bargaining units are as follows:

- RN Unit 2 for 2015 – 1% (contract expires February 28, 2016);
- RN Home Care Unit – 1% effective 3/1/15 (contract expires February 28, 2016);
- USW Local 204 – 1% effective 4/2015 (contract expires September 12, 2015);
- USW Local 206A – 1% effective 3/1/15 and 1% 3/1/16 (contract expiring February 28, 2017);

respect to salary is affordable. In addition, I note that the latter proposals are marginally closer to the pattern seen in the Cost of Living for the past few years. [5]

In addition to the internal comparables regarding wage increases, MNA Exhibit 9 reveals that the Hospital's RNs in this unit are paid more than all of the comparables that MNA listed both with regard to starting and top wage in 2015 with the exception of the starting wage at McLaren – Lapeer. In the latter connection, McLaren-Lapeer is approximately $1.50 more an hour on the starting wage, but at the top Alpena exceeds McLaren by $1.77 per hour. There is no need to reflect further or examine the external data since it is abundantly clear that Alpena is at the top of the triangle. That is the case since it enjoys a geographical area of about 6 counties largely to itself, services offered, quality of care, and due to its strong proven fiscal management. There is a competitive advantage for the Hospital to remain dominant. Therefore, I recommend the following percentage increases for this RN unit:

1) 2015 -- lump sum across the board increase for full time employees of $665 payable the payroll period after ratification and a lump sum of $445 payable at the same time to the part time employees. I derived that number by taking 1% (the Hospital's offer) and multiplying it by the salary range middle (15-years = $32.26) to derive at $665 ($.32 x 2,080) as a lump sum. For the part time employees, I derived the $445 by taking 67% of the $665, the 67% being the Association's proposed ratio 750-500). This will result in significant savings to the Hospital on

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- Non-Union employees – 1% 2015 (no contract).
- In addition, there are certain employees who are either grandfathered or frozen in connection with these other employee groups.

[5] COL; CPI-W for 2012 was 2.1 %. 2013 – 1.4%, 2014 – 1.5%, 2015 (through September) -.6%. The cost of living for the last several years has been running at historically low levels.

all of the fringes and other obligations that are based upon the hourly wage or annual compensation for the current and future years;

2) Effective 3/1/16 an increase of 1.25% on the existing wage scale;

3) Effective 3/1/17 an increase of 1.75%.

The 1.25% increase for 2016 is only marginally ($.08 p/h) more than the 1% for USW Local 206A, the only other CBA with a 2016 wage adjustment. The third year at 1.75% is close to projected COL increases (reliable perhaps) and is into the future enough to allow the Hospital prepare for it. The Hospital noted it bests even McLaren Lapeer on starting and top wage; however at the 15 year mid point McLaren is nearly $4.00 per hour higher. Lapeer is not a fair comparable due to its distance and proximity to Flint.

In addition, since the top steps are more out of line than any other levels in the salary schedule at 28 and 30 years, I recommend the Hospital's position that nurses at those levels be frozen beginning 3/1/17. That will allow those nurses to enjoy an increase in 2015 with a lump sum and an increase in 2016 and frozen after that. I further recommend that the Hospital proposal to eliminate the Charge Nurse scale be effective 3/1/17 at which time they would be compensated at an additional $1.50 per hour. Currently the CNs are paid $1.76 and $1.84 per hour at 28 and 30 years.

23. 22.06 Educational Differentials.

The Hospital is proposing to retain the Bachelor's Degree differential of a $1.50 an hour and $1.60 an hour for a Master's Degree with three other hospitals having an educational differential average of $.65 per hour for a BA degree and $.85 for a Master's. The Hospital does seek to reduce the differential for a certification from $.70 to $.50 per hour. I recommend that the current contract language be kept since that is a minor change in differentials and as health

care continues to becomes more specialized and complicated, RNs should be encouraged to seek additional certifications and be rewarded.

24. Article 22.08 Weekend Differential.

The Hospital proposal is not seeking to change the differential of a $1.40 an hour which is higher than the other bargaining units are paid with the exception of hourly shift supervisors similarly paid $1.40 an hour for Saturday and Sunday work. The Hospital seeks to change the definition of the weekend to eliminate the Friday portion of the weekend from 23:00 on Friday to 07:00 on Saturday. There can be endless debate over whether a Friday night shift commencing at 11 p.m. or a Sunday night shift commencing at 11 p.m. is more important to recognize for purposes of an inconvenient hour compensated for by a weekend differential. Given the significant concessions that are being recommended in number and quantity in this fact finding, I find it more reasonable and recommend to continue the current contract language. It is a small difference from the other four bargaining units and is a benefit that existed in the current contract and prior one, if not earlier. In all likelihood, most RNs would rather forego $1.40 per hour or $11.20 per shift in order to be scheduled off on Friday evening - Saturday morning.

25. Section 22.09 – On Call Differential.

The Hospital proposes that the surgery bank per call be eliminated effective 3/1/15 and the balance be paid at the nurse's straight time hourly rate. In short, surgery on call is too important to the Hospital to reduce the incentive for nurses to respond and for that reason, I recommend current contract language.

26. Article 22.10 – Overtime.

In 22.10(A)(2)(3)(4), the Hospital proposes to eliminate double time for working beyond a normal schedule. I recommend that the current contract language be retained since nurses are

working beyond what is presumed to be a fair day's effort and payment of these premiums could eventually be eliminated with additional hiring.

27. Article 22.10(A)(5)(n), (o) and (p) – Mandation - Discipline.

These changes proposed by the Hospital were not contested in the Association's post-hearing brief and therefore it is recommended they be adopted. In addition, the proposal is to provide more specific notice and structure as to what will occur in the event a nurse refuses mandation is desirable from both parties' points of view.

28. Article 22.10.C – Negotiating Hours as Overtime.

The Hospital proposal to not count hours spent in negotiations for purposes of daily or weekly overtime is recommended since that would be consistent with all other union employees. Moreover, with all the other premiums in the CBA it's difficult to justify a premium for work which is not an RN's primary duty, a duty which they volunteered for.

29. Article 22.10.D, E, and F – Daily Overtime.

I recommend retention of the current contract language since working overtime on a daily basis under those three situations described in these subparagraphs is advantageous for the Hospital and is an appropriate incentive for a nurse to stay and complete her duties until relieved by the next shift.

30. Article 22.10.B.G. – Overtime Computation.

The Hospital proposes to move to a quarter hour for computing overtime rather than using tenths of an hour. This is an administrative advantage for the Hospital and is consistent with the other CBAs and results in little detriment to the RNs and therefore I recommend its adoption.

31. Article 22.10.B.I. – Low Census Staffing.

The Hospital here proposes to eliminate requiring maintaining regular staffing for the first six low census shifts in any consecutive four week period. It is recommended that the current contract language be retained. At first glance it appears that overstaffing should not be mandated by contract. However, given the fact that this is a very modest requirement in the current contract, i.e. that staffing be maintained for 6 shifts out of 56 (for 12 hour employees), 6 shifts out of 84 (for 8 hour employees) and 6 shifts out of approximately 70 (for 10 hour employees), I believe there is value to maintaining that consistency of care. This permits continuity of care without radical changes in assignments when there are temporary spikes in patient census. The current language only requires minimum staffing be maintained for 3 days in the event of 12 hour employees, 2 days in the event of 8 hour employees, and 2-1/2 days for 10 hour employees. Moreover, even in an overstaffed situation, it is not likely that nurses will be standing around. There is always patient charting and patient care work readily at hand.

32. Article 23 – Surgery Personnel On Call Reserve Fund.

The Hospital proposes the elimination of what the parties refer to as the "DCO bank" and the reserve fund for surgical nurses. Under this bank, nurses in the surgical service department are allowed to earn and put hours into a reserve fund and then use those funds when the nurses are on call for a weekend and work sufficient number of hours so that it is not reasonable that the RN work on Monday. I recommend that the Hospital's proposal be adopted to eliminate the call reserve fund, but in its place language be inserted that provides as follows: "In the event a nurse works on call on a Sunday or holiday and on that day works 8 hours or more, or works after 10 p.m., she will have the option of having the following workday off work."

With respect to most if not all of the above differentials (or premiums) they have remained at the same levels dating back to the prior CBA (5/29/2009) and quite likely before

that. E.g. Weekend Differential (Art. 22.08), Educational Differential (Art. 22.06), Shift Differential (Art. 22.07), Certification Differential (Art. 22.06), Daily Overtime (Art. 22.10), On Call Reserve Fund (Art. 23). This is similarly the case with several other non-economic Hospital proposals.

Association Proposals

1. Article 3.01 - Association Membership.

As indicated above, the Association's proposal regarding membership is recommended.

2. Article 3.02 - Payroll deduction for Association dues.

As also indicated above, the Association's proposal is recommended.

3. Article 3.05.

Association's proposal specifying where the Hospital provides its financial reports is a reasonable request. The proposal simply adds greater clarify to the existing language and it is recommended.

4. Article 5.01(B).

This issue is resolved by the undersigned's recommendation with regard to the employer's proposals.

5. Article 5.01(D).

This proposal is also resolved by the above recommendation regarding the Hospital's proposal.

6. Article 5.03.B.

This matter is resolved by the above recommendation regarding the employer's proposal.

7. Article 5.06 and new article on staffing.

This issue is also resolved by the recommendation above regarding the Hospital's proposals. In addition, the Association's proposal regarding a new staffing article is not

recommended since I have insufficient information with regard to why the current staffing article is not sufficient.

8. Article 6.02.G.5.

This issue involving pull pay for float nurses was resolved with regard to the employer's proposal above.

9. Article 6.02.E.

This Association's proposals involving supplemental pool RNs being scheduled for one weekend on call as part of her 64 hour requirement and be assigned A/B holiday scheduling is rejected in favor of current contract language.

10. Article 7.03.A.

Changes to job descriptions was resolved above with respect to the employer's proposal.

11. Article 8.01.

The Hospital did not submit this issue to the fact finder (per diem and weekend nurses pay period) and thus the current contract language is retained.

12. Article 8.02.A.1.

The Association's proposals are not recommended, but this matter was resolved by retaining the current contract language except two sentences with obsolete language as indicated above in the employer's proposals.

13. Article 8.02.A.2.

The Hospital did not submit this (12-hour nurse weekend off) as an issue and therefore the current contract language stays.

14. Article 8.02.A.3.

As indicated above, the Hospital's proposal with regard to scheduling and filling holes in the schedule is recommended and therefore the Association's proposals are not.

15. Article 8.03.

As indicated above, it is recommended that the current contract language be retained which allows full time nurses to retain 2 request days during the week of any holiday.

16. Article 8.05.

The transfer fee of $2.50 an hour for Float RNs is eliminated as indicated above by mutual agreement.

17. Article 8.06.A.3.

In this proposal, the Association proposes to use seniority rather than the nurse's most recent voluntary cancel or voluntary on call. Since there is nothing in the record to indicate the current language is not adequate, it is recommended that it be retained.

18. Article 8.07.

As indicated above, it is not recommended there be any change in the on-call pay provision.

19. Article 8.09 – Patient Transfer 8 hour minimum guarantee.

As indicated above, it is recommended that the current language be retained.

20. Article 8.10.

The Hospital did not submit this (OT approval) as an issue and therefore the current contract language with regard to approval of overtime is retained.

21. Article 9.0.

This proposal by the Hospital would change advancement on the wage schedule be reviewed on a quarterly basis and as indicated above, the Hospital's proposal is recommended.

22. Article 14.01 – Health Care.

The substantial changes proposed by the Hospital and the health care coverage, including substantial increases in deductibles, substantial increases in contributions by full time and part time employees is recommended as indicated above in the Hospital's proposals.

23. Article 14.01.D.

All of these proposed changes are Hospital proposals and are resolved as indicated above.

24. Article 15.0 – Vacation and Article 17.0 – Personal Leave.

These Hospital proposals are resolved above, recommending most of what the Hospital proposed with minor amendments.

25. Article 16.0 – Holidays.

This matter is resolved with most of what the Hospital proposed as indicated above.

26. Article 22 – Wages.

This matter is resolved as indicated above with the Association's proposals on wages for years 2 and 3, my modified ratification bonus and the Hospital positions on freezing nurses at the 28 and 30 year steps and Charge Nurse pay modified by me as to effective dates.

27. Article 27.06 – Educational Differential.

As indicated above- it is recommended that the educational differential language be maintained as is.

28. Article 22.08 – Weekend Differential.

As indicated above, it is recommended that the current contract language be retained.

29. Article 22.09 – Call Differential.

As indicated above, it is recommended that the current contract language be retained.

30. Article 22.10 –Overtime.

Most of the Hospital's proposals are not recommended, and except as indicated above (Hosp. #s 26, 27, 28, 29, 30), it is recommended that the current contract language be retained.

31. Article 23.0, Surgery personnel on call reserve fund.

This matter is resolved by the recommendation above regarding the Hospital's proposal.

32. New Article, Professional Practice Counsel.

The undersigned lacks sufficient information to make an assessment of whether this counsel would be impactful and efficient for the parties and therefore the Association's proposal is not recommended. In addition, it is noted that Article 5.04 concerning Special Conferences and Section 5.06 concerning the Staffing Committee appear to provide sufficient opportunity for both parties to address the issues proposed by the Association's professional practice council.

SUMMARY

I conclude by noting that while the above recommendations favor many more of the Hospital's proposals in terms of changes from the present contract than the Association's proposals, there are three principle reasons for that outcome. First, the RN contract to begin with I would assess as an excellent CBA from the Association's point of view. It has numerous protective provisions and language not found in typical non-health care contracts and not often found in other health care contracts. Second, while the other bargaining units may not be as critical to the operation of the Hospital as this RN unit is, nevertheless the changes those unions have agreed to reflect their willingness to agree to hospital proposed changes going forward, which clearly spills over to the relationship between this unit and the Hospital. Third, while the economics of these recommendations also favor the Hospital, the RN bargaining unit is either at the very top or near the top of the wage and benefits scale on nearly all of the items discussed compared to nearly every comparable. That is well justified by the Hospital's financial position

and the geographic area which it serves without serious competition. Finally, however, it is to both parties' advantage that the Hospital has been very successful financially and that it is anticipating the future environment that will influence its finances which will allow it to continue to be a viable sustainable employer, providing quality healthcare with a talented well paid RN staff.

Respectfully submitted,

November 2, 2015

Thomas J. Barnes