

LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

5/13/89
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STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION
ACT 312 ARBITRATION

COUNTY OF GLADWIN
Gladwin County Sheriff

May 13, 1989

-and-

MERC Case No. L86 L-999
L86 L-1000

POLICE OFFICERS ASSOCIATION
OF MICHIGAN

Panel of Arbitrators

David G. Stoker, Employer Delegate
Patrick J. Spidell, Association Delegate
Ruth E. Kahn, Impartial Chairman

OPINION AND AWARD OF THE ARBITRATION PANEL

I. INTRODUCTION AND BACKGROUND

The County and the County Sheriff as Employer, and the Police Officers Association of Michigan, representing supervisory and non-supervisory officers were unable to agree on all provisions of a collective bargaining agreement for the term commencing January 1, 1987. The Association submitted a Petition for Arbitration to the Michigan Employment Relations Commission on October 26, 1987. The Employer filed a Petition on November 2, 1987. The above-named Panel was established pursuant to Michigan Public Act 312 of 1969, as amended.

As a pre-hearing Conference held on March 14, 1988, it was agreed that the arbitration proceedings would be held in abeyance and that the parties would return for further negotiations of the contract. It was also agreed that although the Association filed two petitions -- one for the supervisory, and one for the non-supervisory, officers -- the parties intended to have one contract

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recognizing each category of officers as Unit I and II, respectively. Statutory time limits as to all aspects of the proceedings were waived at this Conference.

Hearings were held in Lansing, Michigan on October 17 and October 18, 1988. At the outset, agreements that had been reached on certain matters previously at issue were read into the record. (The agreed-upon language was submitted in writing to the Panel Chair on October 21, 1988.) Specifically, the parties had resolved and adopted language for the following portions of the Agreement: Article I, Unit Recognition¹; Article IV, Management Rights²; Article V, Grievance Procedure³; Section 5.1, Step 3; Article VI, Arbitration⁴, Section 6.3; Article XIII, Vacation⁵; Section 31.2(C); Article XVI, Compensation⁶; Section 16.4, Out of Classification Pay⁷; Article XIX, Miscellaneous⁸, Sections 19.5 and 19.6.

Final Offers were submitted to the Panel on November 16, 1988. Thereafter the parties requested and received consent for delays in filing post-hearing briefs as well as consent to submit revised Final Offers, in light of their continuing efforts to reach agreement.

The Panel met in executive session to consider the record and to discuss the parties' respective positions on May 1, 1989.

It should be noted that throughout these proceedings, from the time of initial petition, and through the final executive Panel meeting, the parties were able to reduce significantly the number of issues for decision. It is agreed that the duration of the Agreement is three years, terminating December 31, 1989. The parties agree that all wage and benefit improvements awarded in the 1987-1989 Agreement shall be retroactive to January 1, 1987 for persons who are employed at the time the instant Award issues.

This portion of the opinion will briefly identify the issues that remain before the Panel for decision.

1. Health Insurance. The parties are in dispute concerning the sharing of costs and the insurance carrier.

2. Retirement. This issue concerns the amount of employee contribution toward pension. Currently each employee contributes three percent of the first \$4200 wages and five percent thereafter. The Employer wants no change in that arrangement. The Union demands a lesser contribution rate.

3. Wages. A wage offer/demand is made for each year of the contract. The Employer offers a three percent increase in each year. The Association demands a 5.7 percent increase in the first year, and four percent in each of the succeeding two years. (There

are fixed differentials for the various ranks over Deputy.)

II. STATUTORY CRITERIA

Section 9 of Act 312 requires that the findings and orders of this Panel be based upon the "...following factors, as applicable".

"423.239 Findings and orders; factors considered.

Sec. 9. Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (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 public service or in private employment."

The Panel has examined the parties' positions as expressed in the evidence contained on the record and in the arguments articulated in the post-hearing briefs with respect to the Section 9 applicable factors. The relative pertinence and weight of each factor varies according to the particular issue being argued and under scrutiny. The Panel makes the following general commentary concerning the Article 9 factors in this case.

(a) No dispute exists concerning the "lawful authority of the employer" nor is reliance placed upon this factor as a basis for decision.

(b) The parties have stipulated to certain procedural matters with which the Panel has complied and to certain substantive matters which are noted.

(c) No specific public "interest" is asserted, other than the usual concern with public welfare and fiscal/budgetary responsibility.

(d) The parties considered the same four counties -- Roscommon, Ogemaw, Clare and Arenac -- for external comparables. There was reference to other Gladwin County employees as well, for internal comparables.

(e) The cost of living considerations relate largely to wage issues. No factual dispute exists in this area.

(f) "Overall compensation" includes many items -- wages, pensions, insurance, vacation pay, holiday pay -- "and all other benefits received". In the instant proceeding, the parties are in dispute over improvements in some of these "other benefits". Where costs of such benefits are pertinent and available, they will be discussed in relation to the specific issue.

(g) "Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings". As noted in the introduction to this Opinion, the parties achieved significant results by continuing their negotiations, from the time of the Petition and through the final executive Panel meeting. Their many agreements are taken into account in the final award.

(h) The final criteria mandated by Section 9 are broad: all "other factors...normally...taken into consideration" when a new contract is being bargained or arbitrated. To the extent these factors have a bearing on a particular issue, the Panel will treat them at the appropriate place.

III. DISCUSSION AND FINDINGS

1. Health Insurance.

Two inter-related issues remain: (a) the sharing of costs and (b) the carrier.

(a) Coverage has been through Blue Cross and Blue Shield. The Employer currently has had a \$2200 cap on its contribution toward health insurance for family coverage (\$2000 for couples and \$950 for single coverage). This is set forth in Article XIV, Section 14.0 of the Agreement. For 1988, it was stated that an employee with family coverage had to pay approximately \$986 over and above what the Employer had contributed.

Considerable attention in testimony and exhibits addressed this issue. The Association sought elimination of the cap. Other County employees currently share the cost of health insurance. Of the four comparable counties, only Ogemaw has a co-pay provision, and that is significantly less than the amount paid by these employees.

The Employer's Final Offer eliminates the cap beginning January 1, 1989. No changes in benefits are made. The Panel notes it is estimated that elimination of the cap, in cost terms, is equivalent to more than ten percent of the Units' wages, a not insubstantial benefit.

(b) Self-insurance for health coverage. By going to self-insurance, the County's intent is to achieve cost savings. The language for Article XIV, as approved by the parties, allows substitution of insurance carrier subject to the provision of substantially equivalent coverages.

AWARD: Effective January 1, 1989, there is no cap on the Employer contribution for health insurance. The Employer's demand for self-insurance is awarded. The following language for Article XIV, Section 14.0, approved by the parties, is hereby adopted:

(a) Through December 31, 1988, the Employer agrees to pay the required premiums for each full-time employee occupying a job classification covered by this Agreement who has completed ninety (90) days of employment with the Gladwin County Sheriff's Department under the Employer's Blue Cross/Blue Shield MFV-1 program, provided the employee is insurable and subject to the insurance carrier's enrollment procedures. In addition to dependent coverage, the Employer agrees to provide

eligible employees with the following riders and to pay the required premiums for such riders: ML and Master Medical Option 4. As soon following the execution of this Agreement as is possible, contingent upon the carrier's enrollment procedures, the Employer will add a two dollar (\$2.00) co-pay prescription rider to its current policy of insurance for eligible employees. During the term of this Agreement, the Employer will pay the following annual amounts:

\$2,200.00 for family coverage
\$2,000.00 for couple coverage
\$ 950.00 for single coverage

It is understood by the parties that any cost of any health insurance (regardless of type) in excess of the stated amounts above throughout the duration of this Agreement shall be borne by the employee. This pertains to everything covered under section 14.0 of this Agreement.

- (b) Effective January 1, 1989, the Employer agrees to pay the required premiums for each full-time employee occupying a job classification covered by this Agreement who has completed ninety (90) days of employment with the Gladwin County Sheriff's Department under the Employer's health insurance program which will provide coverages substantially equivalent to Blue Cross/Blue Shield MVF-1 program, provided the employee is eligible and subject to the insurance carrier's enrollment procedures. In addition to spouse and dependent coverage, the Employer agrees to provide eligible employees with the same level of benefits previously in effect including riders: ML, Master Medical Option 4 an \$2.00 prescription co-pay.

2. Retirement.

The Employer has proposed that the current employee contribution rates be retained. The Association seeks to have the rates reduced to three percent, effective with the date of issuance of this Award.

A review of internal comparables reveals that other County employees contribute as these employees have and as the Employer seeks to continue. External comparables show that employee con-

tributions range from zero percent in Arenac County to the same three/five percent arrangement as exists here in Clare County. The remaining two require four percent contributions from employees. It is also shown on the record that the MERS retirement system is overfunded on behalf of Gladwin County, thus requiring no current cash payments by the County for its portion of retirement costs.

According to the evidence regarding external comparables, the Union's demand would place these employees in a somewhat more advantageous position than employees in the other counties. However, the record also shows that retirement benefit programs for this County are somewhat below those of the others.

In light of the overfunding situation, of benefit to this County, it is the Panel's conclusion that a modification of the contribution rate to the three percent sought by the Association is within the financial ability of the County. Accordingly, the Association's proposal will be adopted.

AWARD: The employee contribution to retirement will be three percent (3%) of payroll, effective the date of the issuance of this Award.

3. Wages.

The wage increase for each of the three years of the pending Agreement will be decided separately.

The Employer's position is that a three percent increase for each of the three years -- 1987, 1988, and 1989 -- is appropriate. The Employer maintains this is compatible with increases afforded to other County employees. It maintains that in light of the overall economic improvements awarded and the County's fiscal position, its proffer is appropriate.

The Association seeks 5.7 percent in 1987, four percent in 1988, and a four percent increase in 1989. The Association notes County wages have fallen behind the stipulated comparable counties. The 5.7 percent increase sought by the Association for 1987 would bring this bargaining unit's wages within the range of the other comparable counties.

The Panel selects the Association's demand for 1987, namely, a 5.7 percent increase. This increase slightly exceeds the Con-

sumer Price Indexes for that period, however, it remains within the range afforded by the comparable counties.

For the remaining years -- 1988 and 1989 -- the difference between the parties' positions amounts to only one percent each year. However, in consideration of overall compensation of the employees and more particularly, the substantial benefit conferred by elimination of the Employer cap on health insurance awarded by this Panel, the Panel selects the Employer's wage offers for years 1988 and 1989.

AWARD: The Association's demand for wages for the year commencing January 1, 1987, 5.7 percent increase, is awarded. The County's offer of a three percent increase in wages for the year commencing January 1, 1988 and for the year commencing January 1, 1989 is awarded.

No dispute exists concerning duration of the Agreement. However, the Panel includes in its Opinion the following language of Article XXI, Duration, Section 21.0, approved by the parties:

This Agreement shall remain in force from January 1, 1987, until December 31, 1989, at 11:59 p.m., and thereafter for successive periods of one (1) year, unless either party shall, on or before the sixtieth (60th) day prior to the expiration date or subsequent one (1) year period, serve written notice on the other party of a desire to terminate, modify, alter, negotiate or change or amend this Agreement. A notice of a desire to modify, alter, amend, negotiate or change or any combination thereof, shall have the effect of terminating the entire Agreement on the expiration date or subsequent one (1) year period, whichever is the case, in accordance with applicable law, and in the same manner as a notice of desire to terminate unless before that date all subjects of amendment proposed by either party have been disposed of by agreement or by withdrawal by the party proposing amendment, modification, alteration, negotiation, change or any combination thereof. Notwithstanding the foregoing, any employees who voluntarily or involuntarily terminate their employment prior to (date of award), will not receive salary or benefits retroactively.

AWARD

Each of the rulings set forth in this Award constitutes a decision by the majority of the Panel.

The following is a statement of the Panel Award as to each issue.

1. Health Insurance. Effective January 1, 1989, there is no cap on the Employer contribution for health insurance. The Employer's demand for self-insurance is awarded. The following language for Article XIV, Section 14.0, approved by the parties, is hereby adopted:

- (a) Through December 31, 1988, the Employer agrees to pay the required premiums for each full-time employee occupying a job classification covered by this Agreement who has completed ninety (90) days of employment with the Gladwin County Sheriff's Department under the Employer's Blue Cross/Blue Shield MFV-1 program, provided the employee is insurable and subject to the insurance carrier's enrollment procedures. In addition to dependent coverage, the Employer agrees to provide eligible employees with the following riders and to pay the required premiums for such riders: ML and Master Medical Option 4. As soon following the execution of this Agreement as is possible, contingent upon the carrier's enrollment procedures, the Employer will add a two dollar (\$2.00) co-pay prescription rider to its current policy of insurance for eligible employees. During the term of this Agreement, the Employer will pay the following annual amounts:

\$2,200.00 for family coverage
\$2,000.00 for couple coverage
\$ 950.00 for single coverage

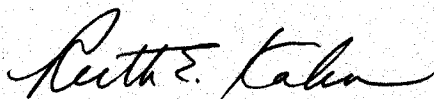
It is understood by the parties that any cost of any health insurance (regardless of type) in excess of the stated amounts above throughout the duration of this Agreement shall be borne by the employee. This pertains to everything covered under section 14.0 of this Agreement.

- (b) Effective January 1, 1989, the Employer agrees to pay the required premiums for each full-time employee occupying a job classification covered by this Agreement who has completed ninety (90) days of employment with the Gladwin

County Sheriff's Department under the Employer's health insurance program which will provide coverages substantially equivalent to Blue Cross/Blue Shield MVF-1 program, provided the employee is eligible and subject to the insurance carrier's enrollment procedures. In addition to spouse and dependent coverage, the Employer agrees to provide eligible employees with the same level of benefits previously in effect including riders: ML, Master Medical Option 4 an \$2.00 prescription co-pay.

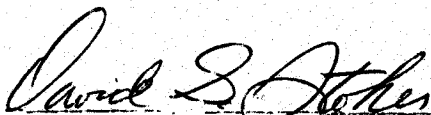
2. Retirement. The employee contribution to retirement will be three percent (3%) of payroll, effective the date of the issuance of this Award.

3. Wages. The Association's demand for wages for the year commencing January 1, 1987, 5.7 increase, is awarded. The County's offer of a three percent increase in wages for the year commencing January 1, 1988 and for the year commencing January 1, 1989 is awarded.



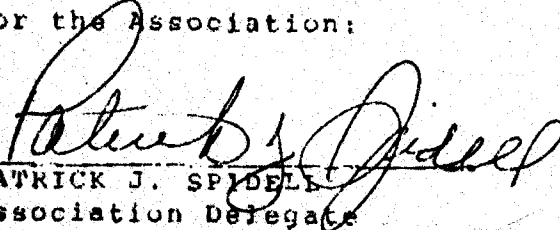
RUTH E. KAHN, Chairman

For the County:



DAVID G. STOKER
County Delegate

For the Association:



PATRICK J. SPIDELL
Association Delegate