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STATE OF MICHIGAN

DEPARTMENT OF LABOR

EMPLOYMENT RELATIONS COMMISSION

Statutory Arbitration between

IOSCO COUNTY BOARD OF
COMMISSIONERS AND
IOSCO COUNTY SHERIFF
(county)

-and-

POLICE OFFICERS ASSOCIATION OF MICHIGAN
(union)

Case No. L85 F566-B
Act 312 Arbitration

OPINION AND AWARD
September 2, 1986

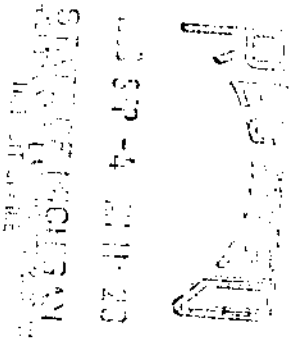
Arbitration Panel
Stanley H. Brams, Chairman
Dennis B. DuBay, County Delegate
William Birdseye, Union Delegate

Hearing Dates
Prehearing-March 13, 1986-Detroit
Hearing-April 25, 1986-Tawas City

APPEARANCES

For the Union
John R. Dobson, Sheriff's Sergeant, Iosco County
Ann H. Maurer, Economist, POAM
Kenneth E. Grabowski, Negotiator, POAM

For the County
Cheryl Stevens, Administrative Assistant, Iosco County
Charles W. Curtis, Chief Administrative Officer, Iosco County



This is a proceeding under Act 312, Public Acts of Michigan. The Michigan Employment Relations Commission named a panel on Dec. 20, 1985, to arbitrate a dispute between the above parties and to resolve the issues, recognizing the provisions and guidelines of the Act. These follow:

> "(a) The lawful authority of the employer; (b) the 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 /and/ (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) and 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."

In a prehearing conference held March 13, 1986, and in written confirmations, the parties identified the issues as follows:

By the Union	By the County
Contract duration	Contract duration
Across-the-board wage increase	Across-the-board wage increase
Equity adjustments for certain classifications	Equity adjustments for certain classifications
Pension formula	Reduced number of holidays
Retirement basis for pensions	Reduced vacation time
Escalation of pensions	Payment of health insurance cost increases
	Revision of basis of longevity payments
	Probationary period term
	Fringe benefit status of part-time employes

Subsequently the parties agreed to withdraw the County issues of holidays, vacation time and probationary period.

After the hearing began, the Chairman stated that the question of length of a new agreement posed a problem, inasmuch as the Union predicated its positions on a two-year term and the County on three years. To arrive at one term or the other would complicate the proposals and offers of the losing party. Accordingly, the Chairman called for briefs on term, and after due deliberation wrote an interim decision on May 20, 1986, setting the new contract's length at three years (Appendix A). The County panelist concurred and signed. The Union panelist dissented. The decision and signatures were filed with the Michigan Employment Security Commission. Subsequently the Union amended its wage position to extend over three years instead of two.

The hearing on this case took place at the Iosco County Building in Tawas City, Mich., on Apr. 25, 1986. During the course of the testimony and presentation of exhibits it was abundantly clear that all requirements of the Act had been satisfied.

In presenting its case, each side largely concerned itself with comparable situations in a seven-county group including--in addition to Iosco--Alpena, Clare, Gladwin, Mecosta, Newaygo, and Ogemaw. These counties had been winnowed out from others in a 1980 decision by arbitration Chairman George E. Gullen, Jr., based on their fairly reasonable comparability with Iosco. The parties in the current matter indicated their general acceptance with that area determination by entering the Gullen opinion and award as Joint Exhibit 3.

Thus it came about that much of the testimony dwelt on comparisons between Iosco and the other six counties. The Union reported that on Dec. 31, 1984, when the prior contract expired, the top of scale salary for a sheriff's deputy in Iosco was $18,484, while the comparable figure as of Jan. 1, 1985, was $19,482, a difference of 5.40%, rising on Jan. 1, 1986, to $20,668, or 6.09% more. Thus, said the Union, its 5%-a-year proposal was eminently fair. The County, meanwhile, used the same figures to demonstrate that its offer of 3% annually would put the deputy rate at the median level among the seven counties.

(The deputy rates were used to illustrate the general flow of salary scales, inasmuch as deputies are the dominant and

typical classification in the bargaining unit. Nine of the 24 named individuals on Iosco's payroll are deputies, while two other classifications (sergeant, matron) included but four apiece, and others had fewer.)

The chairman later made still a third analysis of the comparisons. Although the Union and County positions have mathematical validity, close study of their formulations created some large questions, both pro and con.

Thus, the raise in Clare County on Jan. 1, 1985, was 10%, an obvious correction of an inequity. In Alpena there was no raise at all--again evidently a local situation. Including those two extremes, the six-county average deputy raise (excluding Iosco) was 4.00%; and eliminating both of them it was 3.58%. A year later, Jan. 1, 1986, only four contracts were completed, and raises ran from 7.1% (Newaygo) down to 1.72% (Ogemaw), producing an average of 4.2%. But it should be noted that no figures were available as of that latter date for Mecosta and Alpena counties, and those two were at the bottom of the raise ratios the year before. Conceivably they could again be on the low side--or conceivably they could reflect above-average advances to equalize against the minor boosts of the year before.

How, then, can a decision be based heavily on comparisons with the similar counties? The conclusion has to be that a finding stemming from intercounty comparisons can be rationalized any way one may wish. It can be amply justified. It can be amply criticized. The comparisons alone do not provide a conclusive answer.

In any case, other weightings on the scale must be included. One such has to be ability to pay, one determinant specified in the governing Act. Testimony in this case stated that Iosco County's general fund reflected a surplus in 1983, but posted a deficit of $5,700 in 1984, and expanded that deficit in 1985 to $115,000. The difficulty was relieved by transferring federal revenue sharing money from capital expenditures (bond repayments, physical improvements like jail renovation, etc.) to current expenses like payrolls. But that expedient is shadowed in this time period. Washington is intent on reducing its payouts to state and local governments; revenue sharing is reported ending; and the Gramm-Rudman Act, no matter how its final restrictions may be decided in court, promises to continue as a pressure for holding down Federal spendings and distributions.

The factor of Iosco's ability to pay, therefore, might by itself dictate no raises at all.

But ability to pay cannot be the end-all. Human needs, human welfare must be considered. This is made clear in the Act governing this procedure.

The Union's Exhibit #20 showed that the Consumer Price Index went from 165.7 in January, 1976, to 302.7 in January, 1984, an advance of 82.6%. During that same term the Iosco deputy scale rose from $10,933 to $18,484, a lesser increase of 69.1%.

The County, meanwhile, introduced evidence (its Exhibit #31) showing the CPI gained 222% from July 1, 1967 (when it was somewhat reconstituted) to March, 1986, while the deputy rate,

projected with a 3% increase in 1985 and again in 1986, will have risen a greater 292%.

As the Chairman remarked during the hearings, CPI figures, using differing time periods, can be hitched to whatever scenario an advocate finds advantageous. The variances in this instance are a nice case in point. The Chairman is inclined to give weight to the movement of the CPI beginning in the more current time frame, starting as of January, 1985, when the previous POAM-County agreement ran out. The current period, after all, is the one in which wages are interfacing with living costs.

A report from the University of Michigan (County Exhibit #29) shows projected CPI levels for Detroit. An average 1985 level of 317.70 advanced to an average 1986 level of 323.40--5.7 points, or about 1.8%. For average 1986 through average 1987, the projection is for a further advance to 332.71, or 9.31 points, equaling 2.9%. If one is satisfied with these projections (and recent index movements tend to confirm them fairly well), then present-day living costs have not risen materially. The weight of current living cost movement is light. It suggests modest raises.

Relevant to this general discussion is the rate of other pay movements under Union agreements in Iosco. The United Steelworker contract provides for 3% top-grade raises in 12 classifications in 1985, and again in 1986. The contract scales in the County and Technical Professional and Office Workers Assn. (district court) agreement mandates the same 3% raises for six clerical classifications in 1985 and again in 1986. Unorganized

County employes are similarly scheduled. Interunion patterns are hardly mandatory, but a raise pattern seems to have been well developed in County bargaining for the current time period.

It should be interposed here that the general standard of living in Iosco is not comparatively substandard. Union Exhibit #16, reporting on Michigan Statistical Abstract findings for state households, stated that 11.8% of the households in Iosco County were below the poverty level. Unhappy as this fact is, only Alpena in the seven-county area had a lower ratio--10.6%. The average for the seven counties was 14.76%, against Iosco's 11.8%.

And Iosco's per capita income, reported from the same source, averaged $8,562, second highest in the seven-county bloc, against an average of $7,778. The Union objective, of course, is to maintain that relative position for its members and, hopefully, improve on it.

An award in this case must be tempered by the surrounding circumstances, all of them. Here is a recapitulation:

Pay scales in the Iosco Sheriff's department have not appeared disproportionate to ongoing rates in the other six counties; and increases of 3%, as proposed by the County, would keep them comfortably in line. (And this would hold true, as well, in comparing the department rates to the broad per capita income level across the seven-county area and inside Iosco.) Second, the County has demonstrated that its ability to pay is undercut by slowdown in incoming federal funds. Third, present-day living costs have risen only modestly. Finally, other Iosco County-Union agreements provide 3% annual raises.

The conclusion derived from these various facts and findings has to be that the County's 3% annual raise offer has more justification than the Union's 5% proposal.

INEQUITY ADJUSTMENTS:

The Union sought inequity adjustments of varied amounts effective Jan. 1, 1985, for the positions of matron and turnkey, then 5% additional each year thereafter, all these adjustments to be in addition to its 5%-a-year final offer in all the classifications. The County offered additional adjustments for those jobs (beyond the 3% proposed annually) of 2% the first year, 2% the second year and 3% the third year.

The functions of the two job classifications were enumerated in Union Exhibit #2. They were amplified somewhat in testimony, which dwelt more on the matron functions than on those of the turnkey (referred to at times as corrections or correctional officer).

On the basis of the job descriptions and the testimony, it appears that the duties of the matron were decidedly broader than those of the turnkey. The matrons (four have been on the rolls) handle county complaints, process payrolls, dispatch emergency vehicles, operate interagency information machines such as the Law Enforcement Intelligence Network computer, process mail and warrants, and do other tasks. Several of these involve decision-making as well as rote handling. The job duties of the turnkey, meanwhile, are somewhat more routine; there are relatively fewer requirements for decision-making and initiative.

The County has indicated--simply by offering inequity adjustments if in no other way--that special consideration is justified for these two job categories.

It seems evident that the increases should vary as between the two classifications. And precedents elsewhere in Act 312 proceedings have amply established that the law interprets issues as arising annually rather than once for the contract term. So in this instance the rates of the two inequity situations will be considered separately, and in stages, so as to treat the problem fairly.

MATRON RAISES:

The desirability of special treatment for the matrons should measure, at least in part, against its relationship to other salaries, its impact on the County's ability to pay, the requirements of the job, and the other general factors.

Considering these elements, it is determined that the inequity adjustment for matrons for the first two years of the agreement be 2% per year, as offered by the County, and 5% the third year, as proposed by the Union. This has the effect of increasing matron rates at the nearby third contract year fairly substantially, while at the same time the burden of the increases is reduced somewhat during the entire term.

TURNKEYS:

The proposed inequity increase by the Union would enlarge this classification's rate by $1.79 an hour to $5.50 during the first year of the oncoming agreement, starting Jan. 1, 1985,

rising to $6.30 at three-year level that date. In the second year an added 5% inequity adjustment would come into play, if the POAM proposal had its way, and another 5% addition would be effective for the third year.

The Union's adjustment proposal in the first year seems far beyond a customary inequity correction. By itself, without reference to general raises, it represents a first year increase of 48.2% at the start, 46.8% at the three-year point in that first year.

The Union notes that the rate for this classification is deeply below those in the other counties with bargaining agreements in force as of Jan. 1, 1985; and this is certainly true. The County, meanwhile, asserts that one reason for this wide variation is that the functions of the job are materially different in the other counties. Neither side offered satisfactory evidence on this score, except that the Union identified Iosco's turnkeys as corrections officers, apparently in an effort to relate to other counties' higher paid job classifications.

Even without evidence, the Chairman is persuaded that an inequity of substance does exist. His decision is that the Union's first year demand is so sizable that it cannot merit approval. The County's 2% offer is ordered for that initial year. Thereupon, to move toward a more balanced relationship between the rate in Iosco County and the other counties, the Union's 5%-a-year increase for each of the final two contract years is ordered.

THE PENSION ISSUES:

Involved in this case is the matter of pensions, subdivided into a number of areas.

The basic issue concerns the size of pension payments. The Union's final offer proposed that pensions be improved from the existing C-1 level to a 2-C level effective Dec. 31, 1987. The County position called for no change.

The Michigan Municipal Employee Retirement System (MMERS), a legal entity of the State, defines retirement benefits in various ways. Formula C-1, in essence, provides for benefit levels based on approximately 1.5% of final compensation, multiplied by years of service. Formula C-2 sets the benefit level at 2% of that final compensation times years of service, payable until age 65, at which time it is reduced in a specified manner relative to Social Security benefits.

County testimony, based on MMERS findings maintained that a change to the C-2 formula would cost an additional 0.5% of total payroll annually, which--given the apparently difficult fiscal position of the County--would impose a considerable burden.

Comparisons might again be in order, using the frame of reference to other counties. But the comparisons are blurred. Newaygo and Alpena counties provide the C-2 formula. So do Clare and Ogemaw--but with employe contributions. Gladwin holds to the C-1 formula, and Mecosta uses a somewhat modified C-2 approach.

On balance the C-2 formula seems employed more broadly than C-1, in spite of the fuzziness around this matter. With respect to Iosco, the total 1985 payroll of the bargaining unit was

$331,015.91 (County Exhibit #12). An increase of 0.5% of this amount in annual pension costs, therefore, would start about $1,650. This does not seem an excessive burden.

The Union also sought to add the so-called F-50 waiver, which would allow retirement at formula rates at age 50 after a specified 25 years of service.

In defense of this position, the Union states that five of six "union comparables" enjoy a 2% multiplier and only one Union compels Sheriff's department people to work until age 60 rather than earlier.

In contrast to the rather modest effect of change from C-1 to C-2, the Union's proposal for permissible retirement at full rate at age 50 with 25 years of service appears expensive as against the current basis of 10-year service at age 60. That change was pegged by testimony as costing about 4% of payroll--about $13,000 per year. The Union's call for this formula must be denied. The present basis--10-year service and age 60--will continue.

The third aspect of the Union's pension offer seeks to apply the E-2 benefit program, which provides escalation based on the Consumer Price Index to a maximum of 2.5% a year.

The fact is that CPI change is not written into any aspect of the past POAM agreement, nor in any other County contract. To introduce it into the Iosco bargaining stream in an oblique area, pensions, is akin to the proverbial nose of the camel edging under a side panel of a tent whose front entry is closed to it. If the CPI is to become a factor in Iosco bargaining relationship,

it should do so through the tent's main entrance, so to speak--not through a relatively obscure side approach. Regardless of aspects of costs or comparability, a basic change like a CPI factor should be created only by mainstream contracting between the parties.

HOSPITALIZATION COVERAGE:

On its side, the County proposed that the employes under contract pay half of any increase in hospitalization insurance cost, effective Jan. 1, 1987. The Union called for no change in the past pattern, which has the County paying all such expense.

The County pointed out that these costs have risen steeply in the past, were expected to go up at least 3% as of this past May, and would likely rise further in the future. The Union has rebutted with the view that a payment split is not justified by the facts, that the costs involved are not unreasonable, and that no proof was provided that a majority of comparable employers contracted for co-payments.

The Chairman is as personally upset as the County with rising hospitalization costs. For better or for worse, however, the general pattern of bargaining relationships--as is true all across County area which has been cited heretofore--places this enlarging burden on the employer. The Chairman feels that it does not behoove this proceeding to open up a pattern which, if not entirely new, is at least largely undeveloped.

It may be noted that the Union has taken the position that the County's insurance issue and the others to be discussed immediately were not timely filed, nor discussed in bargaining

or mediation. True or not, timeliness or nontimeliness is of no consequence in light of rejection of the County's offer.

LONGEVITY PAYMENTS:

The County would change the percentage basis formula for longevity payments to specific dollar amounts. The Union proposed no change.

Obviously, in studying the figures, it is evident that as the average length of service increases among the bargaining unit employes, the costs of longevity payments will rise substantially once the 10-year step is reached. (For the record, the additional pay for five-year people has been 2%; for 10 years, 4%; for 15 years, 6%; and for 20 years, 8%.) In terms of dollars a 20-year employe would get $1,523 in longevity pay, compared with an average, as the County figures it, of $902 in the other six comparable counties. Other steps would also find Iosco employes better off than their counterparts in the other counties. Deputy longevity pay after five years in Iosco is pegged at $381 compared with the six-county average of $322; it becomes $762 against a $572 average after 10 years; and $1,142 compared with $730 after 10 years. And those averages include Ogemaw, which doesn't pay at all for longevity.

The County offer would reduce these payments sharply--to $200, $320, $480 and $640 for the respective year mileposts.

Just as the Union's raise proposal for turnkeys was extremely high, this County offer is extremely low. That holds true even though, as County Exhibit #20 shows, there are no 20-year people in the bargaining unit today, and only three with

ten-year status.

Because of those facts, the past longevity scales are today not burdensome, even though they will obviously become more so as time goes on. But, as in the case of the Union's offer on turnkey pay, the change would be too sizable for this Chairman to approve. The past formula, based on the percentages of the prior contract, must continue.

PART TIME BENEFITS:

The County proposed a new section to contract Article XIV--Insurance and Other Benefits--which would state that effective Jan. 1, 1987, part-time people would not receive fringe benefits. The contract has been silent on this score, and the Union would keep it so.

In the other counties, only Newaygo provides a broad range of fringes for part-timers. Alpena provides a measure of seniority, along with holiday pay--no more. There are no fringe provisions for part-time people in the other three bargaining contracts in which the County is a party.

Beyond those comparatives, the fact is, according to the Sheriff's department, that there are no part-time people currently on staff. The Union has questioned whether this panel has the authority to draw up rules for non-existent employes. Whether authority of this sort exists or not, the fact is that there are no employes involved, and therefore no need to arrive now at a finding. When and if the Sheriff's department hires any part-time people it can then (as in the past) make what arrangements are shaped by the circumstances, the budget, and the need. No new language is necessary.

AWARD

Across-the-Board Raises: 3% raises as of Jan. 1, 1985, Jan. 1, 1986, and Jan. 1, 1987:

ACCEPTED (Chairman) _____ DISSENTED (Union) _____

(County) _____

Inequity raise for Matron classification of 2% as of Jan. 1, 1985, and 2% as of Jan. 1, 1986:

ACCEPTED (Chairman) _____ DISSENTED (Union) _____

(County) _____

Inequity raise for Matron classification of 5% as of Jan. 1, 1987:

ACCEPTED (Chairman) _____ DISSENTED (County) _____

(Union) _____

Inequity raise for Turnkey classification of 2% as of Jan. 1, 1985:

ACCEPTED (Chairman) _____ DISSENTED (Union) _____

(County) _____

Inequity raise for Turnkey classification of 5% as of Jan. 1, 1986, and 5% as of Jan. 1, 1987:

ACCEPTED (Chairman) _____ DISSENTED (County) _____

(Union) _____

Pension basis: Install C-2 formula of MMERS in place of C-1:

ACCEPTED (Chairman) _____ DISSENTED (County) _____

(Union) _____

Pension basis: No change to voluntary retirement at 50 after 25-year service:

ACCEPTED (Chairman) _____ DISSENTED (Union) _____

(County) _____

Pension escalation: Denied

ACCEPTED (Chairman) _____ DISSENTED (Union) _____

(County) _____

Hospitalization costs: No change from prior contract terms

ACCEPTED (Chairman) _____ DISSENTED (County) _____

(Union) _____

Longevity payments: No change from prior contract terms

ACCEPTED (Chairman) _____ DISSENTED (County) _____

(Union) _____

Part-time benefits: No change from past practice

ACCEPTED (Chairman) _____ DISSENTED (County) _____

(Union) _____

APPENDIX A

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

Statutory Arbitration Involving

COUNTY OF IOSCO
-and-
POLICE OFFICERS ASSOCIATION OF MICHIGAN

Act 312 Arbitration
MERC Case No. L85-F566

INTERIM DECISION

This is a first stage determination, involving only the length of a new contract between the parties.

The Union sought a two-year term. The County asked for three. Each side based its total economic position on its contract term demand, so an award extrapolated from one term or the other could be manifestly unfair. Accordingly, the arbitrator advised the parties that before he ruled on any of the economic issues, he would determine the contract term, leaving each side free to adjust its economic proposals relative to contract length.

Both sides were asked to submit briefs on contract term. The County did so. The Union advised that it was content to rest on its hearing evidence and supporting exhibits, and so would not make an added submission. A contemplated exchange of briefs, therefore, appears unniecessary and inadvisable.

Both sides, directly and indirectly, have cited worthwhile precedents on contract term. In general it appears that these citations often were based

on specific situations or on arbitrator inclinations.

This situation at hand has one factor of consequence which points to a determination. That factor is the expiration date of the previous agreement--Dec. 31, 1985.

Mid-1986 is upon us. A two-year term, necessarily involving retroactivity, would end Dec. 31, 1986, only about six months away. Bargaining for a new agreement would presumably begin right on the heels of decisions coming out of this proceeding. The ink would barely be dry, the terms scarcely understood, before the tugging and hauling of a new contract negotiation would occur.

In a period of labor relations turmoil, of jagged and widely variable bargaining outcomes, a shorter term might well have merit. But today's labor relations scene is relatively quiet, lacking signs of notable upset. This, in fact, was borne out by the presentations and exhibits of the April 25 arbitral hearing. No pressing need for near-term expiration of a new agreement exists nor was shown. Nor would the public interest--a specified condition noted in the statute--be served by new negotiating strife so soon after the past deadlock. And a precedent of sorts exists in that the past agreement, running to Dec. 31, 1984, was for a three-year term.

Accordingly, it is ruled that the new agreement will run for three years, retroactive to Jan. 1, 1985. Each party may now adjust its final position on the economic issues in dispute as it may wish. Briefs by each side are due by mail to the arbitrator postmarked not later than June 25, 1986.

Stanley H. Brams, Arbitrator

William Birdseye, for the Union

Dennis R. DuBay, for the County

May 20, 1986