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STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

ACT 312
(Public Acts of 1969, As Amended)

In the Matter of the Arbitration
Between:

CITY OF JACKSON

- and -

FRATERNAL ORDER OF POLICE,
LEONARD CAREY LODGE NO. 70

LABOR AND INDUSTRIAL
RELATIONS LIBRARY
Michigan State University

ARBITRATION PANEL'S FINDINGS OF
FACTS, OPINION, AND ORDER

The collective bargaining contract between the City of Jackson and the Fraternal Order of Police, Leonard Carey Lodge No. 70, which represents the City's police officers, expired on June 30, 1976. Since that time the parties have engaged in collective bargaining, have reached an impasse, and as a result of the reaching of the impasse, this arbitration panel was appointed.

The parties advise, on the record, that all time limits under the statute have been met. There are, therefore, no issues as to timeliness or jurisdiction of the Panel.

The parties have agreed, on the record, and the Panel will so order, that the contract that is to be implemented, pursuant to the Award and Order here, shall cover a three year period from July 1, 1976 through June 30, 1979.

Roumeil, George T Jr.

The basic issues in dispute are as follows: wages, holidays, bereavement pay, a life insurance increase, court time payment, a dental plan, and an increase in the clothing allowance.

This arbitration takes on a number of unusual aspects. Essentially, based on the parties' last best offer, they are in agreement on the resolution of the issues in dispute for the first two years of the contract, except as to when the \$550.00 wage increase should be effective.

In regard to when the wage increase should become effective, the City would have it become effective January 1, 1977. The Union would have it retroactive to July 1, 1976 when the new contract would normally have become effective. The Union argues that if a statutory right to strike had been available to them, the issue would have been resolved much sooner than January, 1977. Therefore, the Union maintains that, particularly under Section 13 of Act 312, which requires the maintenance of the status quo during the pendency of Act 312 proceedings, the legislative policy behind Act 312 would be better promulgated if the wage increase was retroactive to July 1, 1976.

It is the view of the majority of this Panel that the Order of the Panel will reflect the last best offer of the City in both the first and second years, except that wages will be retroactive to July 1, 1976. In making the Award retroactive, the Panel notes that it is doubtful that if the police had the right to strike there would have been the delay prevalent here in settling the contract. In all probability, an earlier settlement would have required a wage increase.

This brings the Panel to the last best offers for the third year. The last best offer of the Union for the third year, as amended, is as follows:

"\$1,375.00 across the board; cost-of-living in excess of five percent based on the four year patrolman's salary at that time added to the base rates;

An additional \$200.00 for dental expense;
Employee's birthday as a holiday."

The last best offer of the City, as to wages, is as follows:

"For contract year July 1, 1978 to June 30, 1979:

- (a) Wages. If the arbitration panel awards no cost-of-living provision, then the City offers an eleven hundred (\$1,100) dollar across the board increase.
- (b) If the arbitration panel believes a cost-of-living allowance should be awarded in conjunction with wages, then the City offers a seven hundred (\$700) dollar across the board increase and a cost-of-living allowance, in accordance with the formula agreed to by the parties, for increase in the cost-of-living in excess of five (5%) percent during this contract year based upon a four year patrolman's salary."

The Union proposes that an employee be given off his birthday as a holiday. The majority of the Panel rejects the Union proposal for employees' birthday as a holiday. There is no showing on this record that the holidays which the City now provides, including the additional two as offered by the City in the first year of the contract, are out of line with similar comparable communities.

In regard to dental expense, essentially what the Union seeks in the third year is that the City pay \$400.00 toward dental expense. There is no showing on the record that such a request is realistic when compared to other cities. The fact of the matter is that the City is self-insured and will begin a self-insured dental program in the second year of the contract at \$200.00. Many cities have adopted minimal dental programs underwritten by several insurance companies. Most of these have a 50-50 pay plan, some 60-40, some higher. The point is, even under most dental insurance plans, the employee would have to spend \$400.00 before he would be reimbursed for as much as the City is offering in the second year. Considering the City's financial ability, the City's plan is reasonable. There is no persuasive reason why it should be increased to \$400.00.

This brings up the issue of wages and cost-of-living in the third year of the new contract. The Panel considers these items as two separate issues. The City is offering \$700.00 which amounts to a 4% wage increase in the third year of the contract, plus a cost-of-living bridge above 5%. The City, in the alternative, has offered \$1,100.00 with no cost-of-living. The Union has offered \$1,375.00, plus a 5% cost-of-living bridge.

If the City's offer with the cost-of-living is accepted, the employee will be getting a 4% wage increase, plus a chance to participate in any cost-of-living increase over 5%. In the past three years, the cost-of-living has increased 11% in 1974; 9.1% in 1975; and 5.75% in 1976. These figures indicate that the percentage

increase in the cost-of-living is dropping.

The City also offers a wage increase of \$1,100.00 in the third year with no cost-of-living provision. This is an increase of approximately 6.2% over the previous year's wage rate.

The Union's wage proposal of \$1,375 is, in effect, a 7.8% increase over the previous year's wage rates. The Union also proposes a cost-of-living provision which would provide for a cost-of-living allowance if the cost-of-living increased over 5%.

The Chairman, in writing for the majority of the Panel and after serious consideration, has decided to accept the last best offer of the City insofar as the proposed \$1,100.00 wage increase.. And in doing so, the Panel also has decided to reject the Union's proposal for a cost-of-living provision with a bridge of 5%.

An analysis of the parties' respective positions, leads the Panel to believe that this result is the most fair and equitable in considering the parties' positions.

The City's proposal for a \$700.00 wage increase, plus the cost-of-living provision, bridged at 5%, is unreasonable. If the cost-of-living remains near the 5% figure or does not substantially increased over said figure, the Officers' wage rates would be increased by approximately 4% in the third year. The Panel believes that a 4% increase, in light of the increase in the first two years of the contract, would not keep the Officers in as comparable a position as other communities if there was not a substantial increase in the cost-of-living. Thus, in effect, the City's position creates a game of chance.

The Union's position, insofar as it attempts to establish a wage increase of \$1,375.00, plus the cost-of-living provision, is also unrealistic in that the wage increase alone provides a 7.8% increase. This 7.8% increase, when compounded with possible increases in the cost-of-living might further increase the gap between Jackson and surrounding communities. Looking at the comparable cities, there were several cities in Michigan of a similar size paying an annual wage in the range of \$15,500.00 during the 1976-1977 year. These include Battle Creek (\$15,120); East Lansing (\$15,585); Kalamazoo (\$15,709); Muskegon (\$15,500); and Wyoming (\$15,642). Jackson, traditionally, has been the highest among these comparable cities paying, as of June 30, 1976, \$16,627.00. The only other city which is comparable to Jackson is Ann Arbor which pays \$17,682. per year. Ann Arbor, however, is double the size of Jackson. It also has a special police problem in that the University of Michigan is located within the city limits.

The Panel believes that neither the Union's proposal for a wage proposal of \$1,375.00 nor the Employer's proposal for \$700.00 when either are coupled with the cost-of-living provision providing for a 5% bridge, is reasonable. In so determining, the Panel acknowledges the Union's strong desire to maintain a cost-of-living provision in the collective bargaining contract. However, the Panel also notes that in the first year of the contract, as provided for in this Opinion and Award, there was no cost-of-living provision, and that said provision was instituted in the second year. There have, therefore, been some inconsistencies in the Union's position as to whether or not a cost-of-living provision is actually needed.

Furthermore, the Panel believes that if the Union was serious in its proposal for a cost-of-living provision, it would have made a smaller offer in regard to its wage demands. The combination of a \$1,375.00 wage increase in the third year together with the cost-of-living provision is unreasonable.

On the other hand, the City's \$700.00 proposal together with cost-of-living provision is also unreasonable, and would, as aforesaid, not be realistic should the cost-of-living percentage increase remain as low as it has during the past year.

This leaves the Panel with two alternatives, either to adopt the \$1,100.00 proposal of the City, a 6.2% increase over the previous year's wage rate, or adopt the \$1,375.00 wage increase as offered by the Union. As aforesaid, the \$1,375.00 wage increase is approximately a 7.8% increase. While the 7.8% wage increase is a high annual increase, the Panel notes that during the first two years of the contract, the wage rates are relatively low. The wage rates increase at approximately 4% each of the two years.

The City, on the other hand, offers an \$1,100.00 increase without the cost-of-living provision. This is a 6.2% increase over the previous year's wage rate. Averaging the three years' wage rates, and using the 6.2% City figure, there is an increase over the three-year period of approximately 4.73% annually.

The majority of the Panel believes, in light of the positions of the parties, that the \$1,100.00 increase, as proposed by the City, is most reasonable. In adopting this figure, the Panel believes that it is establishing a sound policy. Such a position not only helps to stabilize the City's financial position, but eliminates the speculative position which a cost-of-living provision would require the Officers' to assume. The 6.2% increase is not inconsistent with the fact that in the first two years, the wage increases have been comparatively low.^{1/}

The \$1,100.00 figure will put the City in a comparable position with comparative communities. Attached hereto is Appendix A which, although it represents current comparable rates, indicates that in a third year of the new contract a wage package of approximately \$18,777.00 will maintain for the City a comparable wage rate with the cities listed in the appendix, with the exception, as aforesaid, of Ann Arbor. The fact of the matter is that Jackson police officers have, traditionally, maintained a higher pay scale than comparable communities. The \$1,100.00 wage increase will place Jackson police officers in a more realistic position when compared to these other communities. In making the wage scale more realistic, however, the Panel also notes that the \$18,777.00 approximate annual salary during the third year of the contract will still leave Jackson officers with a relatively envious wage scale, although it may, indeed, lessen the gap between Jackson and comparative communities.

^{1/} The Panel notes that during the second year of the contract a cost-of-living provision will be implemented.

The Panel makes two final points. First, that the Panel, in opting for the \$1,100.00 increase rather than the \$1,375.00 increase, is, in effect, giving the police officers \$275.00 less in the third year of the contract. This \$275.00 figure, however, is nearly the identical amount which the officers are gaining pursuant to the retroactivity award in the first year of the contract.

The Panel believes that, in the long run, giving the Officers \$275.00 in the form of an award of retroactivity is more beneficial to the Officers than an increase in wage rates of \$275.00 two years down the line.

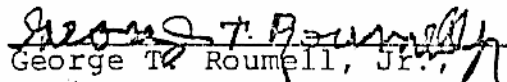
Secondly, should the \$1,100.00 wage increase, without a cost-of-living provision, prove insufficient in the third year of the contract, a fact which the majority of the Panel doubts will occur, the Panel also points out that this increase is in the final year of the collective bargaining contract, and that wage negotiations will soon follow on the heels of this increase. At that time, should the Union so desire, they can again demand the re-institution of a cost-of-living provision and further wage increases.

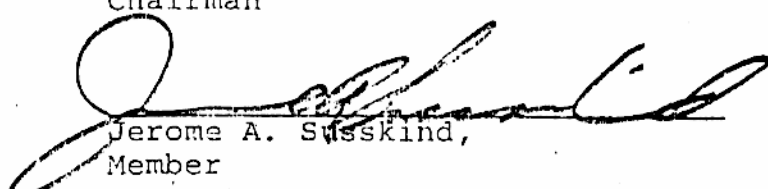
The orders will reflect this view.

FIRST YEAR ORDER

The Panel hereby enters the following Order in regard to the first year of the new contract.

1. The Panel hereby orders that a \$550.00 across the board wage increase be adopted, retroactive to July 1, 1976.
2. The Panel hereby orders that two additional holidays be instituted.
3. The Panel hereby orders that the City adopt two additional funeral leave days.
4. The Panel hereby orders that \$5,000.00 additional life insurance be provided.
5. The Panel hereby orders that the City pay double the court subpoena fee unless time and one-half is paid for a court appearance.
6. The Panel hereby orders that the City increase the uniform allowance by \$50.00.


George T. Roumell, Jr.
Chairman


Jerome A. Susskind,
Member

Michael F. Ward,
Dissents insofar as the Order of
retroactivity effective July 1,
1976.

SECOND YEAR ORDER

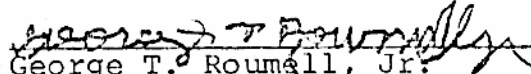
The Panel orders, and the contract in the second year will reflect the following:

1. The City is hereby ordered to adopt a \$500.00 across the board wage increase effective July 1, 1977.

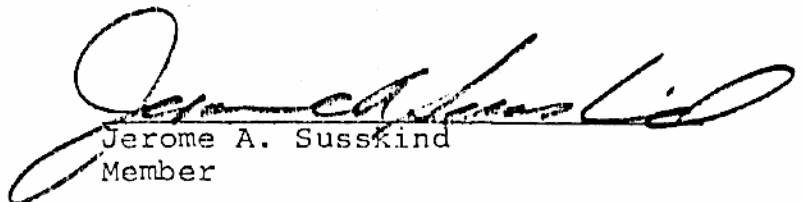
2. The City is hereby ordered to provide an additional \$5,000.00 in life insurance.

3. The City is hereby ordered to pay a cost-of-living allowance for increases in the cost-of-living in excess of 5% during this contract year based upon a four-year patrolman's salary.

4. The City is hereby ordered to reimburse employees for proven dental expenses not to exceed \$200.00 in any given contract year for the employee, his spouse, and children.


George T. Roumell, Jr.
Chairman

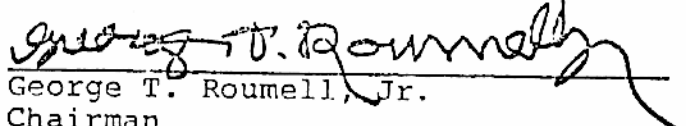
Michael F. Ward
Member


Jerome A. Susskind
Member

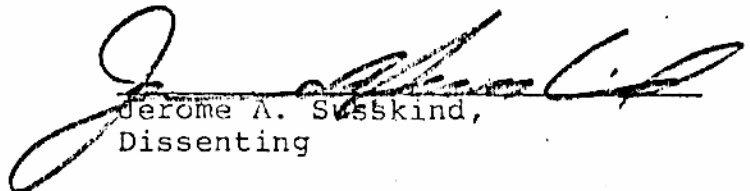
THIRD YEAR ORDER

The Panel orders, and the contract in the third year will reflect the following:

1. The majority of the Panel orders that the Union's proposal that an employee's birthday be given off as a holiday be rejected.
2. The majority of the Panel orders that the Union's proposal to increase the City's contribution towards the Dental Plan from \$200.00 to \$400.00 be rejected.
3. The Panel hereby orders that a wage increase of \$1,100.00 be adopted in the third year of the new contract, effective July 1, 1978.


George T. Roumell, Jr.
Chairman

Michael F. Ward,
Member


Jerome A. Susskind,
Dissenting

dated!

april 14, 1977