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Wayne County of

COMPULSORY LABOR ARBITRATION TRIBUNAL

P. A. #312 - Board of Arbitration

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In the Matter of the Arbitration between \*

Wayne County Board of Commissioners, \*  
Sheriffs Department \*

RE: Residual Dispute on  
Contributory Pay-  
ments by Employees  
to Pension Fund

-and- \*

Deputies Local #502-M-SEIU \*

\* \* \* \* \*

9/17/73

OPINION EXPLAINING AWARD By M. David Keefe, Impartial Chairman

Partisan Member representing Wayne County: R. Strichartz, Esq.

Partisan Member representing Local #502-M: D. Nystrom, Esq.

\* \* \* \* \*

Appearances:

Wayne County

E. Douglas, Corp. Counsel  
R. Berger, Dir.-Labor Board  
D. Bern, Asst. Dir. Lab. Bd.  
R. Smith, Witness  
A. Bricker, Exec. Sec.-Retire,  
Plan

Local 502-M

J. Akhtar, President  
A. Robertson, V.P.  
H. Laesch, Bd. Member  
T. Fitzgerald, Witness

LABOR AND INDUSTRIAL

RELATIONS COLLECTION

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Michigan State University

Prefatory Hearing Record

The Board of Arbitration presiding over this dispute issued an award on 7-21-72 (Joint Ex. #1) which directed certain improvements in the Pension Plan covering Members of the affected Bargaining Unit. In the decision, the Board retained jurisdiction

over possible disputes arising out of actuarial projections for underwriting costs of the benefit. On 2-14-73, the Union appealed to have the Board reconvene to resolve a dispute over the costs of implementing the program.

The hearing on the above captioned dispute transpired on June 21, 1973. A transcript of the proceedings was kept by a court reporter. Upon receipt of this record, the hearing closed on June 29, 1973. Meetings of the Board of Arbitration took place on August 6, September 10 and September 17, 1973 during which the principals of the award were considered and, finally, adopted.

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### Discussion

The award issued on 7-21-73 set forth the following directives:

#### I - The Schedule for Attained Age at Retirement

A) Effective with receipt of this Award by the Principals the Attained Age for eligibility for Retirement (but with no other established Qualification being thereby affected) is hereby directed to be reduced from Age 55 to Age 54.

B) Similarly, effective with June 30, 1973, said eligibility Age for Retirement is hereby decreed to be Age 52.

C) Finally, effective with June 30, 1974, the eligibility Age for Retirement is hereby established to be Age 50.

#### II - Financing the Costs of Providing the Benefit of Attained Age for Retirement

A) The Benefit of Attained Age for Retirement of Wayne County Deputy Sheriffs is to be actuarially funded, separately from and in addition to the funding of the General Multi-Unit Pension Plan for all County Employees, in accordance with sound and equitable principles for protecting the integrity of the Plan.

B) The Employer is directed to underwrite the costs of this Supplement to the General Plan, applying only to Deputies in the Local 502-M Bargaining Unit, to the full

extent presently permissible under rulings of the Pay Board, taking into account all allowable accretions, be these residual sums, unused beneath the 5.5 ceiling for structuring salaries, of \$31.00 for the contract year of 1971-72; \$128.00 for the contract year of 1972-73 and \$215.00 for the contract year 1973-74 (as explicitly set forth in Part II of this Award) and, as well, the .007 percent annual increment permissible in applying to fringe improvements.

C) The Union is directed to contribute, through appropriate payroll deductions from the pay of each Employee covered by this Agreement and eligible for participation in the Pension Plan, the precise portion of the costs for underwriting this Supplement which is over and above the costs assessed on the Employer.

### III - General

This Board of Arbitration retains jurisdiction over any possible dispute which may arise as to a sound and reasonable actuarial projection for underwriting this Supplementary Plan on Retirement Age.

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### Basic Cost Defrayal

The criteria established in II-B of the foregoing award are clear and unambiguous. The salary ranges, as set for each of the three-years of the Agreement by award of this Board, sequestered certain sums which otherwise would have been incorporated in the salary schedule and instead ear-marked them as available accretions to be applied in underwriting the cost of the disputed fringe. In addition the .007 annual fringe increment was also allocated to this purpose.

The sum total value of these built-in cost absorbers for each respective year of the benefit's applicability during the term of the Agreement, taking into account all allowable accretions

are:

1. For the first year of the Revised Plan's existence (7-1-72 to 6-30-73):

- A. \$31.00 reserved from the contract year 1971-72 and thereby available for use in 1972-73;
- B. \$128.00 set aside in the contract year of 1972-73, and
- C. \$86.00 representing the value of the .007 annual fringe increment (which is determinable by multiplying the \$12213.00 annual average per capita income in the group by .007).

Clearly, then \$245.00 is the aggregate 1972-73 Employer contribution which the award directs.

2. For the second (and final) year of this Plan's existence under the term of the Agreement:

- A. \$215.00 blocked off in the contract year of 1973-74, and
- B. \$92.00 representing the value of the .007 annual fringe increment (which derives from multiplying the new \$13,053.00 annual average per capita income in the group by .007).

Indubitably, \$307.00 is the aggregate 1973-74 Employer contribution which the award directs.

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#### Override Cost Absorption

The County offered a projection which forecasted a per capita cost of \$550.00, ostensibly resulting in an Employee assessment of \$422.00 .

The Union challenged the assumptions on which this estimate was structured. However, it does appear that the presumptions were

valid...but the dollar amounts derived therefrom were blatantly in error.

The County's actual dollar translation evolved from a recondite formula under which an empirical percentage of .0328 was representative of new costs attributable to the Plan which was then equated to \$200,179.00. Here, at the outset, the figures are distorted and do not reflect an accurate projection, even if the percentage multiplier is tolerated. The improvised figures applied to the entire Sheriffs Department and, consequently, broke the dyke of the Bargaining Unit which, alone, should have contained the computation. Further, since the Command Officers and Administrative Staff obviously inflate the across-the-board weighted pay average, the validity of the .0328 percent must be suspect. On this count, since error is implicit in the Management prognosis, and this must be construed against the advocating party, it seems reasonable and fair to allow a 10 percent margin of error assumption and to assess this against the Employer's computation, thereby reducing the key multiplier percentage by .00328, adjusting it, then, to .02952.

The gross cost of \$200,179.00 for the Plan was arrived at by factoring the .0328 against the Departmental Payroll of \$6,103,000.00. The result is utterly valueless as the basis for factoring a genuine per-capita cost within the periphery of the Bargaining Unit. The estimate of \$550.00 came from dividing the Departmental cost by the Unit quota of 364 as it existed at the time of the Award. In itself, this figure is faulty because the projection was

based on a Bargaining Unit Staff of 402 to 410, with superimposed Command and Administrative add-ons...so that the true division would certainly be more appropriately 500, by conservative assumption. Therefore, the \$200,179.00 already inflated by inclusion of top echelon salaries, would more logically factor to a departmental per capita average of \$400.00 instead of \$522.00. And, at that, the quotient is indisputably overbalanced by improper inclusions in the base divisible sum and consequently not to be credited.

The Union came up with a Bargaining Unit payroll of \$4,500,000.00, for the original 364 members which was uncontroverted on the record. This factors out, at the .0328 percentage, to \$147,600.00 rather than \$200,197.00 as Management's over-populated computation would have it. Discounted by the assumed 10 percent margin-of-error assessed against the Employer's imprecise projection, the gross cost would appear to be \$132,840.00 or an Unit-per-capita-average of \$365.00. Despite the obvious deficiencies of this computation, it appears much more solidly grounded than does the Employer's. If this latter projection could be described as *muddy*, it contrasts to Management's presentation which offers no more firmness than *quick-sand*.

The conclusion of the Board is that the most realistic projection is that constructed hereinabove which establishes a per-capita Unit cost of \$365.00, of which the Employer is to pay \$245.00 during the 1972-73 contract year and \$307.00 during the 1973-74 contract year. The assessment levied against the Employee

amounts to the residual sums of \$120.00 for 1972-73 and \$58.00 for 1973-74. The total accumulated two-year liability of the Employees is \$178.00 against the Employer's contribution through the period of \$552.00.

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The problem in this case arose out of the logical contention that, unless the costs of the new Plan were isolated to fall on the benefiting group, non-participants would be assuming the cost burden unfairly. This apparent truth gives rise to the counter possibility that, after these Employees *carry their own water*, the flood gates are opened and the Employer allows the benefit to flow to all. Then, when the multi-Unit reaps the fruit, the root problem would be reversed: these Employees would be paying disproportionately. To insure correction of this possible developing inequity, this Board must retain continuing jurisdiction over disputes arising over the Employee-assessments set herein, if, when and as the County extends access to this fringe to Employees beyond the confines of this Bargaining Unit.

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#### THE AWARD

1. The Employer, commencing with the next pay after receipt of this award, is authorized to pro-rate the sum of \$178.00 against the pay-periods remaining in the course of the Agreement in satisfaction of the Employees' liability under the formula adopted herein. This, based on 20 pay periods, factors out to 8.90 per pay period.

2. The Board of Arbitration retains jurisdiction over any dispute arising over the Employee-assessments directed herein, if, when and as the County extends access to this fringe to Employees beyond the confines of this Bargaining Unit.

*M. David Keefe*

M. David Keefe, Impartial Chairman

Dissenting

Concurring

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DATED: September 17, 1973