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FF ALLEGAN COUNTY BOARD OF COUNTY ROAD COMMISSIONERS

STATE OF MICHIGAN

DEPARTMENT OF LABOR

EMPLOYMENT RELATIONS COMMISSION

FACT FINDER'S REPORT

In the Matter of Fact Finding Between

BOARD OF COUNTY ROAD COMMISSIONERS,
ALLEGAN COUNTY

-and-

ALLEGAN COUNTY ROAD COMMISSION
EMPLOYEES ASSOCIATION

Case No. 675-958

FINDINGS OF FACT AND RECOMMENDATIONS

Appearances:

For the Board:

Mr. Fred Neils, Engineer-Manager
Commissioners

For the Association:

Mr. Robert Thomson, Assn. President
Bargaining Committee

The undersigned, Barry C. Brown, was appointed as fact finding hearing officer and agent of the Michigan Employment Relations Commission by its Chairman, Robert Howlett, on February 10, 1976. A hearing was conducted in the Allegan County Road Commission offices in Allegan, Michigan on March 3, 1976. Both parties presented arguments and exhibits in support of their positions. On March 5, 1976, the Association submitted a brief summary of its argument and thereafter the record was closed.

BACKGROUND:

A prior collective bargaining agreement between these parties expired on December 31, 1975. Negotiations for a new agreement had commenced several months before that termination date and the parties had met on eight occasions. They narrowed the issues in disagreement but the old contract expired with the parties still at impasse on three economic issues. The parties have continued to negotiate while the former agreement is continued in all respects on a day to day basis. The parties mutually requested fact finding on January 15, 1976. At the time of the hearing the three issues shown below remained in dispute:

1. Hourly wage rates
2. Effective date of the wage increase.
3. Improved retirement plan.

1. Hourly Rate:

The Association's final position was to receive an across the board wage increase of \$ .35 per hour for all members of its bargaining unit.

The Commission has made the final wage increase offer of \$ .18 an hour across the board to all covered employees or in the alternative, individual wage increases for each job classification ranging in amount from \$ .08 to \$ .39 an hour and averaging about \$ .18 an hour for all employees.

The parties agree that the average hourly wage rate for the whole unit is \$4.80 per hour. Thus, based on that figure the Association has requested increases that will cause wages to rise approximately 8%. The Commission wage offer would result in an increase of approximately 4%. The chart below presents the entire wage picture in greater detail.

Classification	Number of Employees	1975 wage rate	Wage Demand of Assn.	Wage offer of Comm.	Comm. alternative offer
Laborer	9	$ 4.60	$ 4.95	$ 4.78	$ 4.68
Scraper Truck	23	4.71	5.06	4.89	4.79
Eg. Opr.	18	4.87	5.22	5.05	5.03
Mechanic	7	4.87	5.22	5.05	5.26
Mech. Helper	5	4.71	5.06	4.89	4.90
Stock Clerk	1	4.87	5.22	5.05	5.26
Dist. Foreman	10	4.97	5.32	4.95	5.26
Tree, Bridge & Sign Foreman	4	4.92	5.27	5.10	5.21
Chief Mechanic	1	5.13	5.48	5.66	5.52
Engr. Tech.	2	4.75	5.10	4.93	4.85
Opr. Mower	2	4.71	5.06	4.89	4.79
	82	4.80 avg.	5.15 avg.	4.98avg.	4.98avg.

The employees support their position by showing that they had originally sought a wage increase of $1.00 an hour and ten additional fringe benefit improvements. They then reduced and modified these demands in an effort to secure a settlement and in recognition of the increased fiscal limitations of the Road Commission. The Association also showed that the cost of living has increased by more than 7% since their last wage rate increase. Thus, they argued the current requested raise of $ .35 (or 8%) per hour is primarily real income maintenance or a hedge against inflation.

The employees association rejected the Commission's offer of individual job classification wage increases. The membership voted on the issue and the majority has insisted on an across-the-board, cents-per-hour wage increase. This is a small, well integrated bargaining unit with layoffs and promotions based upon seniority and there is a majority of unskilled or semiskilled jobs within the unit. Thus, the employees' position is understandable and appropriate.

The employer relies heavily upon the level of Road Commission employees' wages in adjacent Van Buren County. In fact, the Commission's alternate wage offer shown in the last column of the chart above reflects the current wages in Van Buren County. These rates were very recently achieved by collective bargaining when a $ .25 across-the-board wage increase was granted there. The Fact Finder is not convinced that some of the job classifications in Allegan County (e.g. Laborer, Mechanic's Helper, etc.) compare accurately with the jobs or the pay rates in Van Buren County. Therefore, the average pay rate of $.18 per hour calculated by the employer here may be too low. Also, the work force in Allegan is larger and the size of the County and the miles of road to be maintained are also proportionally larger than in Van Buren County. Thus, a more accurate comparison of similar jobs and employment conditions would be a composite of Van Buren, Barry and Ottawa Counties. The circumstances in the more urban counties of Kent and Kalamazoo do not seem comparable and thus the wage rates there are not helpful to the Fact Finder in determining how other similar public employers have paid their employees to do the same work as the Allegan County Road Commission employees.

WAGE COMPARISON OF SIMILAR COUNTIES*

County	Laborer	Hvy. Truck Dr.	Eq. Oper.	Mechanic	Foreman
Barry	$ 4.30	$ 4.82	$ 4.95	$ 4.98	$ 5.15
Ottawa	4.88	5.05	5.30	$5.05-$5.44	($16,225 yr.)
Van Buren	4.79(?)	4.68	5.03	5.26	5.26 (?)
Allegan(now)	4.60	4.71	4.87	4.87	4.97
Comm. Prop.	4.78	4.89	5.05	5.05	5.15
Assn. Prop.	4.95	5.06	5.22	5.22	5.32

* From Joint Exhibit #3 - (Updated) "1975 Summary of Employee Contract Provisions for Michigan County Road Commissions."

This chart shows that when compared with its smaller, neighboring road commission the Allegan County employees are paid considerably less in the higher paying job classifications, while they are paid comparable rates at the lower skilled jobs. In part this relfects the Association's policy of across-the-board, flat rate wage increases. This also is an indication that the Allegan County Road Commission has historically paid higher average wages to its employees than the wages paid similar employees in Van Buren and Barry counties. In summary, it seems the 8% increase sought by the Association would push them well ahead of prior comparable levels and the 4% increase proposed by the employer would cause this unit to fall behind in its historical position with comparable employing units.

The employer does not really dispute the conclusion presented above. They have said that they do not have the ability to pay a wage increase greater than $.18 per hour. They presented numerous exhibits and arguments in support of their position that local, state and federal revenues are either remaining static for this fiscal year or these funds are being reduced, thus severly restricting the amounts of disposable funds available to the Commission for the payment of wages. The Commission showed that much of its revenue is earmarked for specific projects and they have no discretion on how these monies may be disbursed. They estimate that their state revenue will be approximately two million dollars this fiscal year. More than 50% of that amount is devoted to labor costs. An extra 1/2 mill of revenue is available from the County Commissioners. This source is expected to produce an additional $300,000.00 in revenue. There may be some further revenue from the snow fund but this will depend largely on the snowfall in the County in March and April so the money cannot be considered until it is actually in hand.

Further, the employer indicates that its fringe benefits cost an additional 25% per employee above the cost of their direct wages. The overall insurance and paid absence program of the Allegan County Road Commission is very competitive with like employers, and it must be taken into account when considering any wage increase.

The Fact Finder does note that the employer has always fairly shared the past increases in state revenue with its employees. Historically the state highway fund monies increased for Allegan County an average of 5% each year. Nearly 72% of those new funds went to increased wages for the Commission's personnel. However, during the last two years the Commission's revenues have leveled out. The employees must recognize this fact in their wage demands. The employees must also recognize the impact that the new overtime pay regulations have had upon their employer. The changes forced on the Commission have seriously reduced the number of straight time work hours it may utilize during each year.

However, the Fact Finder does not conclude from his review of the records and his consideration of the Commission's arguments that they cannot pay more in wage increases than they have offered (about $40,000). The Fact Finder is convinced that there are sufficient discretionary funds that could be used to pay more to bargaining unit employees without creating a cash crisis or reducing essential services. The Commission will be seeking to continue or enlarge CETA funds for some employees. They may also delay (as they have been doing recently) in the replacement of some employees who retire or resign. They may also further curtail overtime work. Similarly, equipment purchases, construction project starts and subcontracting policies may have to be reviewed. The fact finder agrees that the men should not expect to receive all in wages that they would in better times but he disagrees that the employees should be expected to bear the brunt of the cost controls that will have to take place in all areas of commission spending.

The fact finder recommends that the Allegan County Road Commission employees receive a wage increase of $ .30 per hour. This figure is slightly greater than 6% (using $4.80 as a base wage) which is less than the employees' 8% request and greater than the employer's 4% offer. It will cost a yearly total of approximately $70,000.00 or about $30,000 more than the commission's final offer.

The rates thus achieved will be comparable to similar communities and they will reflect a fair compensation for the work to be performed. The cost to the employer will be more difficult to absorb than in past years but this cost is within the commission's ability to pay.

2. Effective Date (Retroactivity)

The old contract expired December 31, 1975. The parties have bargained sincerely and they have both utilized mediation and now fact finding in an effort to achieve agreement. The employees have greatly reduced their demands because of the employer's fiscal situation. These employees have consistently recognized the statutory prohibition against work stoppages by public employees. It would seem poor incentive indeed to reward this strict compliance with state law and procedure by denying a retroactive pay increase.

The employer's reasons for suggesting that the new wage rates would be effective at a date later than January 1, 1976 is to reduce costs. The fact finder has already dealt with the question of the employer's ability to pay in the prior discussion. The employer has anticipated there would be some salary increase and there has been a budget recognition of the probable obligation of any accrued wages owing. The fact that the commission also employs 15 additional employees who are not within the bargaining unit was considered by the fact finder. The employer may choose to duplicate any wage gains or retroactive increases for this non-union group but this is not a good reason for denying a retroactive increase to the employees in the union.

The fact finder recommends that the pay raise recommended previously be effective on January 1, 1976 and that each employee receive appropriate retroactive pay to that date.

3. C-1 RetirementPlan

The Association showed that if the Commission were to grant this request for the C-1 Retirement plan their retiring employees would thereafter be entitled to a greater monthly pension benefit. The new higher pension rate plus social security benefits would provide a montly income great enough to encourage pension age employees now working to retire. This would allow the employer to save some money by attrition and when the vacant jobswere filled, the other employees in the unit could move up.

The employer submitted an exhibit which showed this new benefit would cost in excess of $20,000 annually over the cost of the present plan. The present plan will already cost the employer more money this year, as will Blue Cross-Blue Shield, Workmen's Compensation Benefits, Unemployment Compensation benefits and other existing fringe benefit programs. The fact finder has already recommended a greater salary increase for the employees than the commission had anticipated. Thus, the Association has a particularly strong burden to show the need for this change in the pension plan because the employer appears to have absorbed all the new labor costs they can during this fiscal year.

The Association admitted that the present pension program was fairly administered and adequate for the present time. The employer showed that comparable road commissions have a lesser or similar pension program to the one offered in Allegan County. Therefore, the fact finder was not convinced that this benefit was appropriate in this year's contract settlement.

The fact finder recommends a continuation of the present pension program for the Allegan County Road Commission employees.

RECOMMENDATIONS

The Fact finder has determined the facts and made his recommendations in the foregoing. His reasons and explanations are a part of the above presentation. It is sincerely hoped that through this report the parties will find resolution of the issues in dispute.

Barry C. Brown

BARRY C. BROWN, Fact Finder and Michigan
Employment Relations Commission Agent

Date: March 29, 1976