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STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

NORTHVILLE DISTRICT LIBRARY

-and- **MERC CASE NO. D05 J-1027**

NORTHVILLE DISTRICT LIBRARY EMPLOYEES ASSOCIATION

FACT FINDER'S REPORT AND RECOMMENDATIONS

APPEARANCES:

ASSOCIATION: JOSEPH A. GOLDEN, ATTORNEY

EMPLOYER: STEPHEN O. SCHULTZ, ATTORNEY

PETITION DATA:

PETITION FILED:	OCTOBER 11, 2005
HEARING DATE:	MAY 19, 2006
RECOMMENDATION DATE:	AUGUST 1, 2006

FACT FINDER RECOMMENDATION: THE FOLLOWING IS RECOMMENDED:

On the issue of wages, the following is recommended:

Full-Time Staff

Librarians:	11% increase –	$44,434
Head of Circulation:	8% increase –	$47,687
Para Professional:	9% increase –	$39,244
Department Head:	8.5% increase –	$49,204
Computer System Specialist:	8% increase –	$48,612

Part-Time Staff

Clerk:	11% increase –	$14.42 per hour
Librarian:	20% increase –	$23.40 per hour

Given the sizeable recommended increases, no retroactivity is deemed appropriate.

I also recommend a three and one-half (3 ½%) percent across-the-board increase, effective December 1, 2006. A three (3) year Agreement is recommended so that the Parties will have the opportunity to make any changes relative to the Health Insurance issue that is deemed appropriate.

On the issue of Health Insurance Premiums, it is recommended that all Full-Time Staff pay a 5% contribution toward their applicable coverage – *i.e.*, single, couple or family.

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INTRODUCTION

Two issues are unresolved – Wages and Health Insurance premiums. The Employer does not contend it has an ability to pay problem, but it does say its future growth will be limited and it also asserts that it must deal with an unfunded retiree health benefit "projected to be $2,800,000 as of 2010." The Association emphasizes the excellent Employer economic health and says "there is no legitimate economic basis for the Library to demand the salary and benefit concessions it has set forth at the bargaining table."

Issues

Wages: The Association seeks a 4.5% increase for each year of the contract. The last Collective Bargaining Agreement expired on November 30, 2004 and retroactivity is a "contentious point between the parties." The Library has proposed wage increases but its proposal is intertwined with its health care offer – "The effect of these wage adjustments was to provide salary increases that more than covered the proposed premium cost contribution for health insurance."

Health Insurance Premiums: The Association notes only one Class 5 Library "requires employees to contribute to health insurance premiums" and it strongly objects to the Employer proposal – " ... the growing budget of the Library evinces no financial justification for requiring the employees to contribute to their health insurance premium." The Employer proposes switching to "the new Blue Cross/Blue Shield Flexible Blue Plan 2 which has a higher deductible with a lower premium cost." The Employer proposes to pay for the high deductible cost in the proposed Plan by establishing a Health Savings Account for each employee which would be financed by its enhanced wage proposal. Monthly premium costs would be reduced and the Employer seeks a 10% single and 15% family contribution toward the monthly premium cost of the new health care plan.

DISCUSSION

On its face, the Employer proposal – wages and health insurance considered together – appears to have attractive aspects which seem worthy of consideration. That is to say, the Employer is offering a wage increase sufficient to cover the cost of the higher deductibles with a fully funded Health Savings Account. The only apparent drawback from the employee perspective is that, in the future, the required amount to fund the Health Savings Account may outstrip the offered pay increases of 3% in succeeding years. Since the employees will also have to bear a portion of the monthly premium cost, that factor could also impact the extent to which a "real" wage increase is realized in the future.

It appears to the Undersigned that the Association, insofar as health insurance premiums are concerned, has focused its attention solely on the requirement that its members be required to pay a part of that cost. In regard to the wage issue, the Association characterizes the Library proposal as a 3% increase which is accurate for successive years of the Agreement. For the first year, the Library offer is well above 3% for everyone in the Bargaining Unit with the exception of the Para Professional.

The concept of Health Savings Account and its use to fund a high deductible health program is a new development. The Library proposal to utilize Health Savings Account appears to have become a known option in late March 2006. The Association has apparently not reached a point where it is comfortable with utilizing an entirely new approach to the funding of health care costs. Given the above, your Fact Finder concludes the Parties should give the proposal further study and exchange more information so that it may be a viable option in the future.

The Association's adamant refusal to share in the cost of health premiums is understandable. The Library does not have a current economic hardship problem, but it does have a responsibility to prudently manage its resources. It is difficult to overlook the fact that, in the current environment, the prevailing trend among an increasing number of employers is that employees are being called upon to pay a portion of the ever escalating health care costs.

The first year wage increase offered by the Employer to the full-time Staff varies from 20% to 5% without monthly health premiums. When health insurance premiums are considered, the increase is 7.2% for the Staff as a whole but significant variations exist because of health insurance premium costs.

The health insurance premiums will vary among employees, depending on their marital and family status. For the full-time Staff, a 10% and 15% health premium contribution will result in a net wage increase of 17.8% at the high end to a low of a negative 2.3% for the Para Professional. With regard to the latter, it is noted the proposed 5% increase is less – $835.00 –

than the amount of her health care premium so she would actually have a wage reduction of 2.3%.

The issue of health insurance is not applicable to the part-time work force.

The Employer acknowledges that it has a wage structure which is below that of comparable Libraries based on a Wage Survey conducted in November 2005. Pursuant to the results of the above Survey and its intertwined health care proposal, the Employer has offered the following gross average wage increases:

Classification	% Increase
Full-time Staff	
Librarian	22%
Head of Circulation	16%
Full-time Para Professional	12%
Department Head	17%
Computer System Specialist	12%
Part-time Staff	
Clerks	11%
Librarians	20%

From the above offered increases, the Employer is demanding that employees contribute toward the cost of Health Insurance Premiums at the rate of 10% for single coverage and 15% for all other coverage.

The most recent Collective Bargaining Agreement between the parties herein expired on November 30, 2004. The Employer proposal in regard to Health Savings Accounts and a high deductible Health Care Plan was presented to employees in May 2006. It appears that the new health insurance program became available in January 2006. Given the recent availability of the Program, the Library and its health care consultant were only able to make a presentation on the proposed plan on May 19, 2006. The point here is that the Association, in a relatively short period of time, is being asked to consider a wholly new approach toward the funding of health care benefits. The use of Health Savings Accounts is not widespread so it is understandable that the Association displayed a negative reaction toward the proposal. Again, your Fact Finder recommends that the Parties give the proposal serious attention so that its benefits and drawbacks, if any, will be fully understood. Toward that end, the Undersigned will not now recommend the adoption of the new health care plan proposed by the Employer.

Your Fact Finder has given considerable thought and consideration to the proposals advanced by both Parties. Part of the difficulty in attempting to reach common ground is that the Parties have advanced proposals which are highly divergent from the other. The Library is willing to offer a sizeable wage increase provided the employees accept an obligation to bear a significant portion of the cost of health insurance. The Association has proposed only a more modest wage increase but it declines to pay anything toward health insurance benefits. While the Undersigned perceives some merit in both of the approaches, he concludes that neither is entirely satisfactory.

On the issue of wages, the following is recommended:

Full-Time Staff		
Librarians:	11% increase –	$44,434
Head of Circulation:	8% increase –	$47,687
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The recommended wage increases are primarily based on those offered by the Employer with some modification. The most notable being for the Para Professional since the Employer Wage Survey does not justify a reduction in her wage level. The recommended wage increases have been reduced from those proposed by the Employer to take into account the matter of health insurance.

On the issue of health insurance costs, it is recommended that all employees pay a 5% contribution toward their applicable coverage – *i.e.*, single, couple or family. Although the Association has vigorously objected to any cost sharing of health insurance costs, I conclude a modest contribution by employees is warranted. The Employer has provided data to substantiate its claim that these costs have increased substantially since the expired Agreement became effective.

The above Recommendation results in significant wage increases to the Unit employees and it, in part, satisfies the Employer goal of having employees share in the cost of health insurance. The recommended salary increases will result in a six (6%) percent or more increase even with the health insurance costs to all Full-Time Staff. For the Part-Time Staff, I recommend the Employer proposed wage increases.

Given the sizeable recommended increases, no retroactivity is deemed appropriate.

I also recommend a three and one-half (3 ½%) percent across-the-board increase, effective December 1, 2006. A three (3) year Agreement is recommended so that the Parties will have the opportunity to make any changes relative to the Health Insurance issue that is deemed appropriate.

RECOMMENDATION

On the issue of wages, the following is recommended:

Full-Time Staff		
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On the issue of Health Insurance Premiums, it is recommended that all Full-Time Staff pay a 5% contribution toward their applicable coverage – *i.e.*, single, couple or family.

JOSEPH P. GIROLAMO

Dated: August 1, 2006