

224A

STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION

GOVERNMENT EMPLOYEES  
LABOR COUNCIL,

Union,

Fact Finding  
D07 D-0559

-and-

OAKLAND COUNTY  
(Children's Village),

Employer.

FACT FINDING REPORT AND RECOMMENDATION

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STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COM.  
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## REPORT

The GELC represents 121 employees at the Oakland County Children's Village, a facility for the residential care of delinquent and neglected children. The largest group are the 74 Youth Specialist II, followed by the 25 Youth Specialist I. The last contract expired on September 30, 2007. A petition for Fact Finding was filed on December 13, 2007.

A fact finding hearing was held on July 25, 2008. Testifying were: Patrick Anderson, Consultant (By transcript of 312 proceeding); David Heiber, Manager of Equalization; Tim Soave, Manager of Management and Budget and Karen Jones, Supervisor of Labor Relations. An extensive number of exhibits were presented, and comprehensive post-hearing briefs were submitted by the parties.

The remaining issues between the parties are wages, healthcare contribution and retroactivity. The Union offers alternative proposals, with the first a 2% wage increase for October 1, 2007, October 1, 2008 and October 1, 2009. If adopted, the Union would accept premium sharing on healthcare. In the alternative, the Union would accept 0% for three years, with no premium sharing.

The County offers 1% in FY 2008, 1% in FY 2009 and a Reopener for wages and benefits in FY 2010. It also proposes an increase in employee healthcare contributions. The County's position on retroactivity is, no retroactivity on either healthcare contributions or wages. The Union's position is that there would be retroactivity on wages, but not healthcare contribution, if the Union's first proposal is adopted. Of relevance, the County's requested healthcare premium contribution for 2009 is as follows:

<b>Insurance Option</b>	<b>Hired before 5/31/2003</b>	<b>Hired after 5/31/2003</b>
Trad BC/BS	1,352/2,314/2,444	not available
BC/BS-CMM	208/520/832	208/520/832
BC/BS PPO	832/1,690/1,950	832/1,690/1,950
BC/BS/POS	676/1,352/1,560	676/1,352/1,560
HAP	1,352/2,314/2,444	not available

The parties have agreed to the following external comparables: Genesee County, Kent County, Macomb County, Washtenaw County and Wayne County.

Patrick Anderson presented a gloomy economic forecast for Michigan and Oakland County. David Heiber indicated that the taxable value in Oakland County, the source of County Revenue, had gone down for the first time in twenty years. He projects a continued reduction.

Tim Soave, the manager of fiscal services, projects county revenues to decline while expenses increase, including medical costs. He notes that the county is self-insured for medical expenses. Soave agreed that Oakland County has a AAA bond rating.

Karen Jones, the Supervisor Labor Relations, explained that historically the County engages in pattern bargaining, but that appropriate groups can receive increases above the pattern, based upon need. She noted that the Youth Services II workers received 1% above the pattern in the last contract.

### **POSITION OF THE UNION**

It is asserted that given Oakland County's exceptional economic strength, the Union's proposals are reasonable, and represent the appropriate result from good faith bargaining. The Union

notes that Oakland County is the fourth wealthiest county in the nation and has a AAA bond rating. The Union's proposal is said to be well below the rate of inflation.

The Union emphasizes that Oakland County is the only county in the country with a fully funded retiree health care account, which reduces its economic burden. The Union's proposal is argued to be modest. Because of the difficult nature of the job at Children's Village, a measured increase is asserted to be more than appropriate.

### **POSITION OF THE EMPLOYER**

The County maintains that it faces a negative economic environment. Further, it asserts that its offer is consistent with the pattern bargaining throughout the County, with other employees receiving the same package that is being offered the Union. The Employer also argues that its proposal will place the Union in favorable position in regard to the external comparables.

On the healthcare issue, the County contends that the largest employee group, the Oakland County Employees Union, is making the requested premium contributions as well as other employees within the County. The County, it is argued, is attempting to make healthcare uniform throughout the County.

The County asks that there be no retroactivity of either wages or healthcare contributions, to achieve equity.

### **DISCUSSION**

The purpose of Fact Finding is to facilitate a settlement of the contract. Unlike an Act 312 proceeding, the Fact Finder need not accept the Last Best Offer of either party.

To begin, it should be noted that for fiscal year 2008, one of the Union proposals is 0% for wages, with no increase in employee healthcare contributions. For that same year, the County offers

1%, but an increase in healthcare contributions. Under the Employer's offer, however, there would be no retroactivity of either wages or healthcare contributions.

Fiscal year 2008, the first year of the contract, expired on September 30, 2008 with no wage increases and no increase in employee healthcare premiums. This is the result sought by the Union. It also represents a result sought by the employer, since it offers no retroactivity for either wage increases or increases in healthcare contributions. Therefore, zero percent for wages and no increase in employee healthcare contributions for FY 2008 is appropriate, since it meets the offers of both the County and the Union.

Turning to FY 2010, the County asks for a reopener on wages and benefits. The Union asks for either 2% on wages, or 0% on wages, with no increase in healthcare contributions.

In consideration of the unprecedented financial crisis facing the country, a reopener in October of 2009 would seem to be prudent. At that time it will be better known if Oakland County has weathered the shock, or if accommodations need to be made. Further, there is a history of pattern bargaining within the county, except when special equity needs require one group to be treated more favorably, as were the Youth Specialists in the last contract.

It was not established why the Union should be treated differently on this issue than other employees within the county. Also, external comparability would not require an adoption of the Union's offer for the third year. Finally, there is proof of a negative financial situation within the county in regard to revenues and expenses. In consideration of that evidence, it would not be expected in collective bargaining that either an elimination of healthcare increases or a 2% wage increase would occur in advance of a reopener in the third year.

We are now in the second year of the contract. The County offers 1% and increased healthcare contributions for employees. The Union offers either 0% and no healthcare increases or 2% in wages.

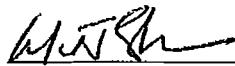
For the reasons stated in the discussion of the first year of the contract, there should be neither an increase in wages nor an increase in employee healthcare contributions until the contract is signed. This meets the requirements of both the County and the Union.

Upon the signing of the contract, there should be both a 1% wage increase and the Employer's requested increase in employee healthcare contributions. This result is consistent with the pattern of other employee settlements, and it has been established that there is a history of pattern settlements. The proposed settlement will also be consistent with the external comparables.

Although Oakland County is in an enviable position among counties locally and nationally, a reduction in revenues and an increase in expenses over prior years was established. This supports a 1% wage increase and an increase in employee healthcare contributions.

**RECOMMENDATION**

- FY 2008      Either 0%, or no retroactivity on a 1% increase in wages. No retroactivity for increases in employee healthcare contribution.
- FY2009      1% in wages. Increases in employee healthcare contributions as proposed by the County. Neither wages nor increases in healthcare contributions retroactive until date of signing of contract.
- FY2010      Reopener on wages and benefits

  
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Mark J. Glazer, Fact Finder

November 18, 2008