10/19/95

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
COMPULSORY ARBITRATION

MICHIGAN STATE POLICE

-and-

MERC Case No. L93 I-1002

MICHIGAN STATE POLICE
TROOPERS ASSOCIATION

FINDINGS, OPINION AND ORDERS
OF ACT 312 ARBITRATION PANEL

Background. This compulsory interest arbitration (the first between these parties) was heard by a panel consisting of arbitrator Paul E. Glendon, chairman appointed by the Michigan Employment Relations Commission (MERC); attorney William C. Whitbeck (former Director of the Office of the State Employer), the Employer's delegate; and Richard J. Darling, President of the Michigan State Police Troopers Association (the Association), its delegate. Authority for such proceedings derives from Article 11 Section 5 of the 1963 State Constitution, as amended in 1978, and statutorily from 1969 Public Act 312, MCL 423.231, *et seq*, (Act 312). Representing the parties at hearings and on briefs were Assistant Attorney General Denise C. Barton, for the Employer, and attorneys Ronald R. Helveston and Lawrence P. Schneider for the Association.

By stipulation on file with the MERC, the parties waived all time limits applicable to these proceedings, both statutory and administrative. The chairman presided at a prehearing conference on June 30, 1994 and eleven hearings, which began January 31, 1995 and ended April 19, 1995, all in Lansing, at which the parties presented testimony and many documentary exhibits. By agreement among the parties and the panel, the panel first considered and issued a preliminary decision on "comparable communities" for purposes of comparing wages, hours and conditions of employment under Section 9(d) of Act 312. The parties filed briefs and documentary exhibits on that subject on September 26, 1994

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and reply briefs and additional documents on October 7, 1994, and the panel issued the following decision on October 25, 1994:

> The "comparable communities" to be used by the parties for wage, hour and conditions of employment comparisons between the employees involved in this arbitration and other employees under Section 9(d) of Act 312 are: the state police or highway patrol departments of Illinois, Indiana, Ohio and Pennsylvania; sheriff departments of Genesee, Grand Traverse, Ingham, Kalamazoo, Kent, Lenawee, Macomb, Marquette, Van Buren, Washtenaw and Wayne Counties; and the police departments of the cities of Detroit, Flint, Grand Rapids, Kalamazoo and Lansing. (Footnotes denoting partial dissents by partisan panel delegates omitted.)

During the course of these proceedings, the parties reached tentative agreements on several issues originally listed on the Act 312 petition and submitted to the panel as unresolved. Before these proceedings began they also had tentatively agreed on many other provisions for the new contract, with an agreed term of October 1, 1993 through September 30, 1996, which is to emerge from this arbitration. All such tentative agreements are referred to in summary form in a Stipulation signed by counsel for the parties on September 25, 1995 and attached hereto, and the agreements pertaining to articles listed in such Stipulation are incorporated herein as part of the panel's final orders. In keeping with agreed-upon deadlines, the parties presented last offers of settlement on the unresolved issues (all of which are economic) on June 9, 1995 and briefs on September 5, 1995. Discussion, findings and orders on those issues are set forth below. In each instance, they are based (as Act 312 requires) "upon the following factors, as applicable," enumerated in Section 9 (MCL 423.239):

> (a) The lawful authority of the employer.
> (b) Stipulations of the parties.
> (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
> (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
> (i) In public employment in comparable communities.
> (ii) In private employment in comparable communities.
> (e) The average consumer prices for goods and services, commonly known as the cost of living.
> (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
> (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

(h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

ARTICLE 36, PART A: SALARY SCHEDULE

The Association's last offer of settlement on this issue is for a five percent increase in base wage rates in the first year (October 1, 1993 through September 30, 1994) of the new contract, three percent in the second year, and four percent in the third year. The Employer's last offer is for a combination of base wage rate increases and one-time lump-sum payments, as follows: in the first year, a one percent increase in base wage rates plus a lump sum payment of $1,350; in the second year, a two percent increase in base wage rates plus a lump sum payment of $600; in the third year, a three percent increase in base wage rates. By order of the chairman, each year of the agreement is to be the subject of separate consideration and order. The parties' arguments in support of their offers may be summarized briefly as follows.

The Association argues that all the wage increases should be applied to base rates in order to offset cumulative, compounding increases in the cost of living, and because there is no precedent for a combination of minimal base rate increases and one-time lump-sum payments such as the Employer proposes in these parties' relationship or among the comparable communities. As for the base wage rate increases it proposes, the Association argues they are consistent with increases in the cost of living, especially in light of the fact that wages for members of this bargaining unit (and other State employees) were frozen in 1992-93, and will maintain their relative standing among the comparable communities and in comparison to other state employees. It also contends such increases are justified by the State's undisputed ability to pay them in light of recent and current budget surpluses, a large balance in the budget stabilization ("Rainy Day") fund, and the fact that the payroll for this bargaining unit represents a minuscule portion of the total State budget.

The Employer argues there is no guarantee that the State's currently strong financial condition will continue and history, including the cyclical nature of the Michigan economy and State budgetary crises as recent as four years ago, would suggest it will not. Thus it

asserts that even though the State has the current ability to offer generous pay increases for the term of the contract here at issue, what it characterizes as merely a temporarily strong financial position does not justify permanently implanting them in the base wage rate structure. The Employer also contends its offer enables bargaining unit employees to keep pace with the cost of living and maintain their favorable position relative to the comparable communities and other State employees, especially if viewed (as the Employer insists it should be) in light of their total compensation including health insurance.

On the latter point, the Employer emphasizes that bargaining unit employees have the benefit of most-generous coverage at a cost, as reflected in imputed premiums for the State's self-insured health plan as calculated by the Department of Civil Service, almost double the median and average costs of health insurance among the comparable communities. The Association takes strong issue with the Employer on this point, arguing the imputed premiums are not an accurate measure of the value of such coverage to bargaining unit employees, whose utilization of the benefits provided is much lower than other State employees and has a true cost significantly lower than the average and median costs of health insurance coverage provided to employees in the comparable communities.

Findings, 1993-94. For the first year of the agreement, the parties' offers are very similar in monetary and percentage terms. The five percent increase sought by the Association adds up to $1,885. The Employer offers $1,727, that being 4.6% of the September 30, 1993 salary of $37,709 for a Trooper II at the maximum rate for that classification, which the parties agreed upon as the "benchmark" employee for this arbitration. However, $158 is not the only difference between the two offers. If it were, application of any or all of the Section 9 factors would provide the panel little meaningful guidance for choosing one over the other, nor is it likely that the parties even would be in arbitration.

The real difference, and thus necessarily the primary focus of the Section 9 analysis, is that the Association proposes to add the entire 5% increase to base wage rates, while the Employer would put all but 1% in a one-time lump-sum payment, adding only $377 to the base rate. That has no significance beyond the $158 monetary differential during the first year of the contract. But it will have major subsequent impact, because if the Association offer is adopted all $1,885 of the first-year increase will carry over to the second and third

years, providing the benchmark Trooper $3,016 more in those two years than would result from the Employer's first-year offer -- no matter which offer is adopted for the second or third year -- and by virtue of compounding it also will marginally enhance any percentage increases in those years.

Factor (a) provides no guidance for choosing between these offers, because it has not been suggested that the Employer lacks the "lawful authority" to increase base wage rates.

Factor (b) is relevant, in that the parties stipulated that the contract to emerge from these proceedings would have a three-year term and thus made it necessary to consider the cumulative effects of first-year wage increases in subsequent years, but it cannot be said to favor one party's position over the other.

Neither party made any claim or presented any evidence to show that the first factor encompassed within Section 9(c), public "interests and welfare," is a basis for choosing between their competing offers. As to the second factor therein, "the financial ability of the (State) to meet those costs," it is undisputed that the State has ample resources from which to pay the first-year increase proposed by either party.

As the Employer contends, and as the chairman has observed in other Act 312 cases, this factor can have only negative application, serving as a basis for choosing the lower of two offers if the unit of government *lacks* the ability to pay the costs associated with the higher. The fact that an Employer can afford a wage increase cannot be, in itself, a reason for an Act 312 panel to award it. Thus the State's undisputed ability to pay a 5% first-year increase in wages, in whatever form, cannot be said to favor the Association's position. However, the Employer's position finds no support in Section 9(c) either.

It certainly is true the State has not always experienced such robust financial health as it now enjoys. But it is equally true, according to the Employer's own evidence, that its current financial strength is not mere fluke, aberration, or result of happenstance. Some part of it, of course, is a reflection of the strength of the Michigan economy now and over the past few years. But according to the testimony of Mark Murray, then Acting (now permanent) Director of the Department of Management and Budget, much of it is attributable to permanent cutbacks and restructuring in state government, and the State is well prepared for future down-cycles in the Michigan economy with a Rainy Day Fund balance

that was expected to exceed $1 billion at the end of fiscal 1995. In light of this evidence, the possibility of future inability to pay the repetitive costs resulting from base wage rate increases is purely speculative, and even in the realm of speculation seems unlikely. Just as important, this panel only has authority over the 1993-96 contract, during whose term the Employer's ability to pay the increases proposed by the Association is not disputed, and should not base decisions about wages under that contract on speculation or concerns about conditions that may or may not exist some time after September 30, 1996. Simply put, if future ability-to-pay problems do eventuate, those are matters for the parties and, if necessary, some other Act 312 panel to consider at the appropriate time. For these reasons, it must be concluded that neither factor in Section 9(c) favors either party.

On the primary question to be answered regarding the parties' first-year wage offers, the application and import of factor (d) is clear. None of the twenty comparable communities split annual wage increases between permanent increases to base wage rates and one-time lump-sum payments. In every case, the entire increase for any of the three years of the contract term here at issue was applied to base wage rates. Accordingly, factor (d) clearly and strongly favors the Association's position on this issue. Beyond this, in light of the minimal monetary difference between the first-year offers, it is unnecessary to conduct an exhaustive factor (d) analysis. Nevertheless, both parties devoted considerable argument to the comparable communities and comparability generally and their main points should be addressed.

The Association argues the communities selected deserve different weight according to their relative degrees of comparability, with the Pennsylvania and Illinois State Police being most like the Michigan State Police and thus deserving the most attention. It also proposes a further refinement in the comparisons to be made with the state comparables: namely, that the proper measure of comparison is the ratio between state police (or, in Ohio, highway patrol) wages and sheriff's deputy and municipal police force wages in each state and the ratio between wages in this bargaining unit and those of the in-state comparable sheriff deputy and city police communities.

Neither of these approaches is sound. The first must be rejected because the point of selecting a broad range of comparable communities, intra-state as well as inter-state, was

to include a geographically diverse sample of law enforcement communities performing a range of services similar to those performed by members of this bargaining unit. It also must be remembered that the purpose of factor (d) comparisons is not to *equalize* wages, hours and conditions of employment between the employees involved in an Act 312 arbitration and their counterparts in the comparable communities, but to *compare* them. Here both parties recognize that the range of services performed by members of this bargaining unit probably is broader than all the in-state comparables and they have more training and a higher degree of professionalism than most (if not all) of them. With that in mind, the appropriate method of comparison is to determine how wages in this bargaining unit have compared to wages in the twenty comparable communities historically, and to choose the wage offers in this proceeding that come closest to maintaining that relationship.

More specifically, the starting point for such comparison should be the end of the last contract under which bargaining unit members received the benefit of a negotiated wage increase. That was September 30, 1992, the expiration date of their last multi-year collective bargaining agreement. They also agreed to a wage freeze and extension of the 1990-92 agreement, with minor noneconomic modifications, for fiscal 1992-93. But that was a result of temporary but extreme financial hardship in State government, and there is historical precedent in this bargaining relationship for a make-up increase after a fiscal crisis-induced wage freeze: in 1983-84, the parties negotiated a 9% base wage rate increase after a freeze in 1982-83. In light of this history, the 1992-93 fiscal year would not be an appropriate period of initial comparison to find the benchmark relationship between wages in this bargaining unit and the comparable communities.

On September 30, 1992, the maximum Trooper II base wage rate was fourth highest among the comparable communities, exceeded only by wages for Kalamazoo City police officers and Kalamazoo and Macomb County deputy sheriffs, and it exceeded the median maximum base wage rate among the twenty comparable communities ($34,652) by 8.8% and their average ($34,113) by 10.5%. For the 1993-94 fiscal year, median and average total wages paid to officers at maximum base rates in the sixteen comparable communities which had settled wage rates for that period were $36,467 and $35,345 respectively. The five percent increase proposed by the Association raises the 1993-94 maximum Trooper II

base wages to $39,588. That is 8.6% above the median and 12% above the average for the comparables -- very close to the September 30, 1992 benchmark relationship -- so the Association's offer finds support in factor (d) as to both form and amount. Total 1993-94 wages offered by the Employer including the $1,350 lump sum would be $39,436, which is 8.1% above median and 11.6% above average wages for the comparables, also close to the September 30, 1992 benchmark relationship. As predicted above, therefore, strictly as to the amount of total wages for 1993-94, factor (d) does not provide a basis for choosing between the two offers. But as between the forms of those offers it clearly does, and that choice must be the Association's offer of a five percent base wage rate increase.

The Association's second suggestion, to compare wage ratios between troopers in the comparable states and sheriff's deputies and municipal police officers in those states with ratios between this bargaining unit and in-state comparables, essentially is moot in light of the foregoing analysis. But that would not be an appropriate comparison in any event, because it would bring into the equation a host of other "communities" -- namely, the sheriff and municipal police departments in the other states -- which are not "comparable communities" in these proceedings.

The Employer suggests that factor (d) comparisons in this case should be made using not only base wage rates but total compensation, including its costs for insurance benefits provided to bargaining unit members and other cash payments to them. This approach is unsound for two reasons. First, Section 9(d) specifically directs a comparison of "wages, hours and conditions of employment." The economic component in that package of items to be compared is "wages," not total compensation. "Overall compensation," specifically including "insurance . . . medical and hospitalization benefits," is a matter for the panel to consider, but under factor (f), not factor (d). Second, the Employer's characterization of health insurance benefits received by bargaining unit members overstates their real value for purposes of Act 312 evaluation; more on this will be part of the factor (f) analysis.

Each party claims long-term support for its position under factor (e): the Employer because total wage increases from 1980-81 through 1993-94 were $2,904 more than was needed to match increases in the Detroit CPI-U less medical, which it urges is the appropriate measure of the cost of living because bargaining unit members have paid nothing for

their comprehensive health insurance benefits; the Union because base wage rate increases during that same period have been less than six percent above cumulative cost of living increases, which it views as unacceptable growth in real income.

Regarding the form of proposed first-year increases, the Union finds further support for its position in the fact that one-time lump-sum payments that are not added to base rates do not offset cost of living increases, which carry forward from year to year and are compounded by subsequent increases. The Union clearly is right about that, and in that important respect factor (e) clearly and strongly favors the Association's first-year offer. With respect to the amount of wage increase appropriate to offset increases in the cost of living during the term of this contract, there again is little difference between the parties' first-year offers, either of which will approximately offset the cumulative shortfall between cost of living increases and actual wage increases during the relevant period.

However, the relevant period is not 1980-81 through 1993-94, but 1989-90 (the first year of the parties' last agreement with a negotiated wage increase) and 1993-94. It must be presumed that the wages negotiated in that agreement took account of any cumulative imbalance between cost of living increases and past wage increases until then. In its brief, the Employer recognized this as a relevant period of analysis, and conceded a shortfall existed during that period when actual wage increases alone were compared with cost of living increases. However, it argued that the proper measure of comparison should be not mere wages, but total compensation including the cost of health insurance as against increases in the Detroit CPI-U less medical. It is logical to exclude medical costs from this analysis, since bargaining unit members have been protected against increases in those costs by the comprehensive health insurance the Employer provides them. But it is illogical and unfair to exclude such costs from one side of the comparison but include them as compensation received on the other side, as the Employer does, so that aspect of the Employer's argument must be rejected.

Cost of living increases reflected in the Detroit CPI-U less medical during the relevant period were: 4.9% in 1989-90, 4.3% in 1990-91, 1.8% in 1991-92, 2.4% in 1992-93, and 3% in 1993-94. Compounded, the cumulative increase during that five-year period was 17.5%. Maximum Trooper II annual base salary increased during only the first three of

those five years: 4% in 1989-90, 4.5% in 1990-91, and 4% in 1991-92. Compounded, that produced a cumulative five-year increase of only 13%. At the end of the 1993-94 fiscal/contract year, therefore, Trooper II maximum base salaries at 1991-92 levels lagged behind the cumulative five-year increase in the cost of living by 4.5%. (If the first three of those five years were excluded, on the theory that the parties accounted for any imbalance between cost of living increases and negotiated base wage increases that occurred during the original term of the 1989-92 contract in the one-year contract extension agreement for 1992-93, the lag for the remaining two years would be 5.5%, which favors the Association's position even more strongly.) This provides further support for the Association's proposal for a first-year base wage rate increase of five percent, as does the fact that the employees did not actually receive or have use of any of that increase during that year.

The Employer claims support for its position under factor (f) in that the alleged value of health insurance benefits provided to bargaining unit employees under the State health plan is almost twice that of the average or median health insurance premium costs in the comparable communities. However, this claim cannot withstand careful scrutiny. The State health plan is a system of self-insurance. To fund it, the Department of Civil Service calculates imputed premium costs in advance for each fiscal year, based on past usage and known and anticipated trends in health care costs. For 1993-94, that premium was $9,612 per employee for full-family, comprehensive coverage. However, actual utilization of such coverage in this bargaining unit actually *cost* the State only $3,459 per employee.

Under factor (f) and to the extent that it applies, the panel is to base its findings on the "overall compensation *received* by the employees" (emphasis added) including such things as "insurance . . . medical and hospitalization benefits." Although bargaining unit members had extremely generous health insurance coverage, the true measure of benefits they "received" was the actual cost of benefits they actually used. That also was what they actually cost the self-insured Employer, no matter what it may have budgeted for them or what "premium" it may have imputed to each employee in the budgetary process and transferred to the health plan fund to spread the risk over the entire population of covered employees. (This bargaining unit accounts for less than five percent of that population.) The evidence shows that such actual costs in fact were quite low, both in absolute terms

and compared to average ($5,211) or median ($5,171) annual health insurance premiums paid in the comparable communities in 1994.

With regard to the other elements of "overall compensation" listed in Section 9(f), the Employer made passing reference to the high cost of pension benefits for members of this bargaining unit, but demonstrated no real link between those costs and its wage proposals. Thus it must be concluded that factor (f) favors neither party's position on first-year wage increases.

Neither party identified any changes during the pendency of these proceedings having any impact on their first-year wage (or any other) proposals, so factor (g) does not apply.

As for factor (h), the Employer contends there is support for its position in the fact that wages and the costs of total compensation for members of this bargaining unit are substantially above the average for all other employee units in State government and that the other units settled for a 1993-94 wage package consisting of a lump sum payment and a small increase in base rates.

The Association responds, correctly, that the wage differential between State Police Troopers and Sergeants and many other State employees has existed historically and it suggests, reasonably, that it reflects the reality that Troopers and Sergeants face greater risks, are better and more extensively trained, and provide services more vital to the public than most other State employees. It also may be observed that the higher pension costs for this bargaining unit are a reflection of that same reality, in that because of the risks inherent in their work State Police Troopers and Sergeants have the right to retire earlier than most other State employees.

The Employer produced no proof (nor did it even suggest) that the risks of State Police work are any less now than in the past, nor any other evidence purporting to justify a leveling out of wages in this bargaining unit relative to other State employees, so on that point the wage differential factor does not favor the Employer's first-year wage proposal under Section 9(h). The fact that other State employee units accepted a lump sum and base rate increase for 1993-94 may be said to favor the Employer's position. But that is offset by another factor cognizable under Section 9(h), namely, that pay increases in this bargaining unit always have been applied to base wage rates and not negotiated in the

form of one-time lump-sum payments. On balance, therefore, the totality of factors to be considered under Section 9(h) cannot be said to favor either party's position with respect to the appropriate form or amount of the first-year wage adjustment.

In summary, all applicable statutory factors either are neutral or favor the Association with respect to the first-year salary issue. Accordingly, its last offer of settlement on that issue must be adopted.

Order: Base wage rates during the first year of the agreement shall be increased by five percent, as a result of which Section 2 of Article 36 Part A of the agreement shall read in pertinent part as follows:

Effective 10-1-93

Trooper I Base (from completion of recruit school through the end of the first year)

H	12.20
B	976.00
A	25473.60

Trooper II

	START	END YR 1	END YR 2	END YR 3	END YR 4
H	15.61	16.39	17.20	18.08	18.96
B	1248.80	1311.20	1376.00	1446.40	1516.60
A	32593.68	34222.32	35913.60	37751.04	39588.48

Sergeant III

	START	END YR 1
H	20.86	21.90
B	1668.80	1752.00
A	43555.68	45727.20

Findings, 1994-95. The Employer's offer of a two percent base rate increase plus a $600 lump sum payment actually would provide the benchmark Trooper more cash for 1994-95 than the Association's proposal for a three percent base rate increase: $1,392 compared to $1,188. In the longer term, however, the Association's proposal will be

more favorable to bargaining unit members, because the entire three percent will carry forward into subsequent years as an increase in the base rate. Specifically, the Trooper II at maximum rate would receive $204 more in 1994-95 under the Employer's offer, but an additional $408 in 1995-96 (the recurring additional one percent, applied against the new annual base rate of $40,778) under the Association's. So specifically in monetary terms there is little to choose between the two offers.

On the essential point of difference -- whether to apply the entire increase or only part of it to base rates -- the Section 9 analysis is the same as in the first year of the contract: factors (d) and (e) both favor the Association's proposal, but none of the statutory factors favor the Employer's. A three percent increase also is in line with cost of living increases during 1994-95: the Detroit CPI-U less medical increased 2.2% from August 1994 through August 1995, meaning that a three percent base rate increase for fiscal 1995 amounts to a real wage increase of only 0.8%. It also is consistent with wage increases in the eight comparable communities with settled contracts for 1994-95, among which the average wage increase was 2.9% and the median was 3.1%, and will leave the Trooper II at maximum base rate 9.4% above their median wage and 9.9% above average. For these reasons, the Association's second-year wage proposal also must be adopted.

Order: Base wage rates during the second year of the agreement shall be increased by three percent, as a result of which Section 2 of Article 36 Part A of the agreement shall read in pertinent part as follows:

Effective 10/1/94

Trooper I Base (from completion of recruit school through the end of the first year).

H	12.57
B	1005.60
A	26246.16

Trooper II

	START	END YR 1	END YR 2	END YR 3	END YR 4
H	16.08	16.88	17.72	18.62	19.53
B	1286.40	1350.40	1417.60	1489.60	1562.40
A	33575.04	35245.44	36999.36	38878.56	40778.64

Sergeant III

	START	END YR 1
H	21.48	22.55
B	1718.40	1804.00
A	44850.24	47084.40

Findings, 1995-96. Only one Section 9 factor clearly affects the choice between the Association's proposal for a four percent third-year increase and the Employer's offer of a three percent increase to base wage rates. That is factor (d), which applies to the extent that five of the twenty comparable communities (Kent County, the cities of Detroit and Kalamazoo, and Illinois and Ohio) have settled contracts for 1995-96. Although they are only 25% of the total group, they are fairly representative: their median wage in 1993-94 was only $334 (less than 1%) above the median for all the comparables that year, and their average 1993-94 wage was somewhat higher ($36,934 compared to $35,345 for all comparables) but close enough to make them a valid basis for comparison. Thus they still may be used for factor (d) analysis of the third-year wage proposals, and that comparison favors the Association's proposal in two respects. First, the average wage increase among the five groups was 3.63% and the median increase was 3.75%, both substantially closer to four than three percent. Second, a four percent increase will leave the Trooper II at maximum rate 8.2% above the five-community median wage and 8% above the average, compared to the benchmark September 30, 1992 differentials of 8.8% and 10.5%.

Factor (d) cannot be said to favor either party's third-year wage offer. The increase in cost of living for 1995-96 is of course unknown, but if it approximates the average annual increase of 2.35% in the Detroit CPI-U less medical for the last four years, the Association's proposal for a four percent increase in 1995-96 will yield real wage gains for bargaining unit members over the three-year term of the contract, after inflation, of less than three percent -- hardly an exorbitant increase.

A comparison with other State bargaining units under Section 9(h) also may be said to favor the Association's proposal, but less clearly. Every other bargaining unit but one (as well as nonrepresented employees) will receive up to a 3% base rate increase in 1995-

96, depending on the increase in imputed premium costs under the State health plan. But they also will get a $600 lump sum payment on October 1, 1995, which has not been offered to this bargaining unit.

The other Section 9 factors are either inapplicable or neutral, for reasons discussed in connection with the first-year wage offers. Accordingly, because non-neutral applicable factors favor the Association but no factor favors the Employer, the Association's third-year wage proposal also must be adopted.

Order: Base wage rates during the third year of the agreement shall be increased by four percent, as a result of which Section 2 of Article 36 Part A of the agreement shall read in pertinent part as follows:

Effective 10/1/95

Trooper I Base (from completion of recruit school through the end of the first year).

H	13.07
B	1045.60
A	27290.16

Trooper II

	START	END YR 1	END YR 2	END YR 3	END YR 4
H	16.72	17.56	18.43	19.36	20.31
B	1337.60	1404.80	1474.40	1548.80	1624.80
A	34911.36	36665.28	38481.84	40423.68	42407.28

Sergeant III

	START	END YR 1
H	22.34	23.46
B	1787.20	1876.80
A	46645.92	48984.48

ARTICLE 32 PART A: HEALTH INSURANCE PREMIUMS

Initially there were several insurance-related proposals before this panel, but the parties reached tentative agreement on all but one of them: an Employer proposal to require

employees to pay part of health insurance premiums. Specifically, it proposes to amend Article 32 Part A Section 1.g. to require bargaining unit employees to pay five percent of premiums under the State health plan. The Association's last offer of settlement is to retain the status quo, with Section 1.g. continuing to require the State "to pay 100% of the premium for employee and employee/dependent coverage for the term of this Agreement."

The Employer contends that statutory factor (h) supports adoption of its proposal, in that this is the only bargaining unit in State government whose members make no contribution toward health insurance premium costs.

The Association also finds support under factor (h), in that State health plan premiums set by the Department of Civil Service have been grossly disproportional to the actual benefits used by bargaining unit members and thus to the real costs of those benefits, that such costs also are significantly lower in this bargaining unit than for the rest of covered State employee population, and that premium sharing never has been required of this bargaining unit as it has in others. It also finds support in factor (d), because a large majority of the comparable communities require no premium sharing.

Findings. Factor (d) favors the Association on this issue. Careful review of the collective bargaining agreements in the twenty comparable communities reveals that only six of them -- Illinois, Indiana and Ohio, the city of Kalamazoo, and the counties of Lenawee and Van Buren (for comprehensive coverage only; HMO premiums fully paid) -- require any health insurance premium contribution by employees, in annual amounts ranging from $144 to $1,950. In a seventh, the City of Detroit, there is a provision for employees to pay half of future premium increases in excess of eight percent, but now the employer pays the full premium for traditional, comprehensive coverage. In all the others, as in this bargaining unit, the employer pays the entire premium.

The relevant factors under Section 9(h) also favor the Association. Although it is true that other State employees contribute something toward premium costs in the State health plan, that has been true in the past and the Employer presented no convincing evidence for eliminating this historical difference between this and other State bargaining units. To the contrary, the evidence supports a continuation of that difference, in that benefit utilization and actual costs to the State have been significantly lower in this bargaining unit than with

all other State employees: $1,428 (30%) lower in 1992-93, and $1,098 (23%) lower in 1993-94. Even after a 5% premium contribution (which would be almost $500 a year under the most recent imputed premium calculation) from other employees, the cost of providing State health plan coverage with no employee premium contribution in this bargaining unit is still much lower than for other State employees. This certainly is a factor that traditionally would be considered in collective bargaining and thus should be considered under Section 9(h) by this panel. Furthermore, for reasons already discussed, the evidence clearly indicates that the State's premium charges have not accurately reflected the cost or value of medical and hospitalization benefits actually received by bargaining unit employees or the actual costs of providing them, which is further reason not to require a sharing of such premium charges. Neither party suggested that any other Section 9 factor applies to this issue, so the Association's offer, being clearly supported by the only two factors that do apply, must be adopted.

Order: Section 1.g. of Article 32 Part A shall be the same in the 1993-96 agreement as in the expired agreement.

ARTICLE 34, LONGEVITY

Both parties propose changes in the longevity payment schedule, which in the expired agreement provided for annual, lump-sum payments ranging from $240 to $984 for years of service ranging (in four-year groupings) from six to thirty. The Employer's last offer of settlement is to keep the same payment schedule structure but increase annual payments, effective October 1, 1995, by dollar amounts which will bring payments in this bargaining unit into equality with longevity payments to all other State classified employees. It also offers a one-time "Supplemental Longevity Adjustment" in 1995-96 in amounts ranging from $60 after nine years of service to $168 for employees with 29 or more years of service. Its rationale for this "supplemental" payment is (as explained in its brief) "to make the State's proposed longevity payment schedule retroactive to the beginning of FY 1992-93." The Association proposes not only larger increases in annual longevity payments but a change from specified dollar amounts to percentages and a reduction of the length-of-service schedule from seven to five brackets. It last offer of settlement is for an annual

payment of 1% of the base rate for employees with six through nine years of service; 2% for ten through thirteen years; 3% for fourteen through seventeen years; 4% for eighteen through twenty-one years; and 5% for twenty-two or more years of service.

The Employer finds support for its proposal in Section 9(h), not only in that it will result in a longevity payment schedule equal to that applicable to all other classified State employees under the State-wide "Longevity Compensation Plan," but also in that average longevity payments to members of this bargaining unit in 1993-94 were 4.9% above the State-wide average and, again, that the benchmark Trooper II receives higher total compensation (especially including health insurance benefits, as calculated by the Employer) than his/her counterparts in all the comparable communities. It further relies on testimony from witness William Rye, and related documentary exhibits, regarding a purported trend away from increased, uncapped longevity payments among public employers.

The Association finds support for its proposal in factor (d), because average longevity payments among the twenty comparable communities are far higher than the current levels in this bargaining unit. It also notes that a majority of comparables that make longevity payments pay them as percentages of base rate, not lump sums, and several include such payments in the base rate for the purpose of computing other benefits.

Findings. Factor (d) lends some support to the Association's position, but it is attenuated by vast differences among the comparable communities regarding longevity payments. At the six-year step, six of them make no longevity payments whatsoever. At the other extreme, troopers in Illinois and Pennsylvania get $1,788 and $1,914 respectively, more than seven and almost eight times as much as in this bargaining unit. At subsequent steps, three comparables have no longevity payments, but the gap at the other extreme is even wider: in Illinois, a trooper with twenty-six years of service gets an annual longevity payment of $19,200, compared to $790 in the MSPTA unit under the current schedule. Even taking the Illinois extreme, however, the modest longevity increase offered by the Employer still leaves the benchmark Trooper II with twelve years of service ahead of his Illinois counterpart in salary (minus the required health insurance premium contribution in Illinois) and longevity combined.

Two factors under Section 9(h) strongly support the Employer's position. First is the fact that the increases offered will leave members of this bargaining unit in a position equal to all other classified State employees with regard to longevity schedule and payments. Second is the historical pattern of such equality, which is significant in itself but even more for the fact that the parties negotiated it. They also negotiated base wage rates that gave members of this bargaining unit a certain advantageous standing relative to other classified State workers and employees in other law enforcement communities, and that standing has been taken as a benchmark for comparing the parties' wage offers in these proceedings. Similarly, the panel must give serious consideration and deference to their past negotiated agreements to use the longevity schedules applicable to other state employees, rather than one (or an average) of the widely varying longevity schemes in those other communities, as the model for a longevity schedule in this bargaining unit. For this reason, factor (h) must be found to favor the Employer's offer more strongly than factor (d) favors the Association's, and, no other statutory factor having been identified as affecting this issue, the Employer's proposed longevity increases must be adopted.

Order: Article 34 Section 3 of the 1993-96 agreement shall read as follows (new or changed language in bold face):

Section 3. Time of Payment.

Payments to employees who become eligible on October first of any year shall be due the subsequent December first; except that pro rata payments in case of retirement or death shall be made as soon as practicable thereafter.

a. Longevity Compensation Plan Schedule of Payments
(Effective **10/1/95**)

YEARS OF SERVICE	ANNUAL PAYMENT, ALL EMPLOYEES
6 7 8 9	**$ 260**
10 11 12 13	**$ 300**
14	

15 16 17	$ 370
18 19 20 21	$ 480
22 23 24 25	$ 610
26 27 28 29	$ 790
30 & Over	$1,040

b. Supplemental Longevity Adjustment: In Fiscal Year 1995-96 only, certain employees who are eligible for a longevity payment pursuant to Subsection a. above shall be eligible to receive a supplemental longevity payment, together with the December payment provided for in Subsection a. above, as provided in the following schedule:

YEARS OF SERVICE	SUPPLEMENTAL FY 95-96 PAYMENT
0 through 8	**$ 0.00**
6 through 12	**$ 60.00**
13 through 16	**$ 81.00**
17 through 20	**$ 90.00**
21 through 24	**$126.00**
25 through 28	**$129.00**
29 or more	**$168.00**

ARTICLE 31, SICK LEAVE

Only one aspect of Article 31 is at issue in these proceedings. In the expired agreement, Section 6 of that article provides for payment of a portion of unused accumulated sick leave upon separation from employment (one-half in case of retirement or death, 10% to 50% upon separation for other reasons for employees with an accumulation of at least 104 hours of unused sick time), but only for employees hired before October 1, 1980.

The Association proposes to eliminate that exclusion, making the same pay-out schedule applicable to all employees. The Employer's last offer is to maintain the status quo.

In support of its proposal the Association makes three arguments: first, that the composition of the bargaining unit has changed with many new hires since 1980 and (quoting its brief) "the voices of those members who are ineligible for the payoff can now be plainly heard"; second, that a two-tier system such as this is unfair and destructive of employee morale; third, that no comparable community has a two-tier sick leave payout system that totally excludes second-tier employees from such receiving such payouts. The Employer argues the current system should be retained because the Association presented no evidence to support a change and other State employees hired after October 1, 1980 (or before) get no payout of unused sick leave upon separation from employment.

Findings. There is no evidence to support the Association's first and second arguments: nobody testified regarding the attitudes, "voices" or morale of employees hired after October 1, 1980 with respect to sick leave payouts. Thus those arguments command no weight under any of the Section 9 factors. However, there is evidence regarding sick leave payouts in the comparable communities. It shows that sixteen of them provide cash payout of some portion of accumulated unused sick leave upon separation from employment, a seventeenth (Illinois) has no cash payout but permits 50% of accrued sick leave to be added to seniority for early retirement, and an eighteenth (Kent County) has a $1,000 cash bonus for employees with at least thirty days of unused sick leave at retirement, and in neither of the last two cases is the benefit restricted to employees hired before a certain date. Among the sixteen with direct cash payouts for unused sick leave, only two have a two-tier system based on date of hire and neither totally excludes employees on the second tier. In Flint, police officers hired before July 1, 1988 can be paid for up to 1,800 hours of unused sick leave, those hired after that date 1,500 hours. In Van Buren County, deputies hired before 1992 can receive up to 480 hours of unused sick leave pay, those hired later only 240 hours. Thus the factor (d) evidence supports the Association's position.

In the Employer's favor under Section 9(h), however, is the fact that other State employees hired after October 1, 1980 get no cash payouts for accumulated unused sick leave upon termination of employment, and the equivalence between this and other State

bargaining units on this point also is long established. No other Section 9 factor has been shown to be applicable to this issue, and neither of the two that apply can be said to carry more weight than the other, so it must be concluded that there is no convincing statutory basis for the proposed change in Article 31.

Order. Section 6 of Article 31 in the expired agreement shall continue unchanged in the 1993-96 agreement.

ARTICLE 36, BOMB SQUAD PREMIUM

Under Article 36 Part C of the expired agreement, and its predecessors dating back to 1985, members of the Bomb Squad have been paid "$150.00 per month as hazard pay in addition to their regular compensation." The Association proposes to change the premium for Bomb Squad members from "$150.00 per month" to "5% of their base rate per month." The Employer's last offer of settlement is to retain the status quo.

The Association contends the change to 5% per month is warranted by the erosion in the value of the Bomb Squad premium since it first was paid in 1971. Then, according to Department records, it was $100 per month, which represented 10% of top Trooper's pay and 8.2% of Sergeant's pay. (Today ten of the sixteen members of the Squad are in this bargaining unit, all sergeants.) In 1978 the Department Director recommended to the Department of Management and Budget that the premium be increased to $150 per month in recognition of the facts that it had "remained static while inflation ha(d) continued to rise" and that "confrontations with infernal devices ha(d) risen over 350% in that same seven years." The increase thus recommended took effect, but not until 1985. That year an internal Department management memorandum summarized the continued decline in the relative value of the Bomb Squad premium and recommended that it be increased (over two years) to "9 percent of a top Sergeant's pay."

The Employer points out that changing the Bomb Squad premium to 5% of employees' base rate would be to raise the amount of the premium by 21% (based on Sergeant's pay at 1992-93 levels -- 36% based on the new rates for 1995-96), and contends there is no competent evidence to support such a large increase.

Findings. Although neither party mentioned it in briefs, there also is evidence in this record (an Association exhibit) regarding bomb squad pay in the comparable communities. It shows that employees in seven of those law enforcement communities (Illinois, Indiana and Pennsylvania, Wayne County, and the cities of Detroit, Grand Rapids and Kalamazoo) have bomb squad duties. However, a premium is paid for such duty in only one of them: Wayne County, in the amount of $700 per year. If the issue were whether to institute a Bomb Squad premium for the first time in this bargaining unit, this evidence clearly would be applicable to its resolution. However, since there has been a Bomb Squad premium in this bargaining unit for twenty-four years and the issue is whether to increase it, the fact that comparable law enforcement communities pay no premium at all really has no bearing on this dispute. Thus it must be concluded that factor (d) does not apply.

Section 9(h) does apply, as argued by the Association. The evidence shows that the Bomb Squad premium as originally implemented represented approximately twice as much relative to maximum base salaries as it does now, and that Department management has recognized that its value has eroded substantially relative to inflation, increased bargaining unit salaries and increased amounts of bomb squad activity, and in years past has recommended increasing the amount and changing the form of the premium to offset such erosion. Those certainly are factors normally or traditionally taken into account in determination of wages and conditions of employment through collective bargaining and arbitration, so they must be considered under Section 9(h) and they clearly favor the Association's position. The mere fact that the resulting increase in premium amounts for Sergeants will be quite large, as a percentage of the current amount of the premium, is not a determinative factor. It merely reflects the extent to which the relative value of the Bomb Squad premium has eroded over time, and, as the Association correctly noted, the proposed increased actually offsets only a small part of that erosion, in terms of premium relative to total salary, as measured against values at time of origin. Neither party has identified any other Section 9 factor affecting this issue. Therefore, because the only applicable statutory factor clearly favors the Association's proposal, it must be adopted.

Order: Part C of Article 36 in the 1995-96 agreement shall read as follows: Bomb Squad members shall be paid **5% of their base rate** per month as hazard pay in addition to their regular compensation.

ARTICLE 29, CLOTHING & CLEANING ALLOWANCES

Under Article 29 Section 3 of the expired agreement plain-clothes employees are paid $300 semiannually "as a clothing/cleaning allowance." Section 4 provides uniformed officers a $175 semiannual cleaning allowance. The Association proposes a 50% increase in both allowances, with the amount of each payment remaining the same but requiring three payments per year rather than two. The Employer's last offer is to retain the status quo.

The Association points out that these allowances have been the same since 1981 and it presented anecdotal and statistical evidence to show that they are no longer adequate. Detective. Sgt. Fred Farkas testified that uniformed officers generally need to wear fresh shirt and pants (both wool, provided by the Employer) daily, and described the circumstances behind that. He also described the extraordinary wear and tear to which nonuniformed officers' personal clothing is subjected in their daily duties and the frequency with which he personally finds it necessary to have his clothing cleaned. He also obtained a random sample of cleaning costs from sixteen cities around the state. Based on the frequency of cleaning as he described it and the averages of those costs, the Union presented estimates of annual cleaning expenses of $988 for plain-clothes officers and $1,123 for uniformed officers. The Association also finds support for its proposal among the comparable communities. Eleven provide both uniforms and cleaning free of charge. One (Indiana) provides neither uniforms nor cleaning. The average annual cleaning allowance for uniformed personnel among the other eight is $499. For plain-clothes personnel, fifteen provide an annual clothing and/or cleaning allowance, in an average amount of $578.

The Employer, without citing any evidence supporting its position under the statutory factors, simply contends the Association failed to present any competent or material evidence to support the proposed changes in Article 29.

Findings. Factor (d) clearly supports the Association's position regarding uniformed officers, but not plain-clothes personnel. Factor (e) favors the Association's proposal for

both groups, because the Detroit CPI-U increased by a larger percentage from 1981 through 1993-94 (54.9%) than the proposed increase in the contractual allowances for clothing and cleaning. So does evidence cognizable under Section 9(h), namely Farkas's testimony concerning the frequency of cleaning and the estimated annual expenses related thereto based on a random sample of charges for such services at various locations across the state. That may not be the best possible evidence of actual cleaning costs incurred by bargaining unit members, as the Employer points out. But it would be unreasonable (and would unduly burden this record) to expect the Association to present a state-wide sample of employees with boxes full of cleaning receipts to show current Article 29 allowances are not adequate. Imperfect or incomplete though it may be, therefore, the Association's evidence is sufficient to show that those allowances are not adequate for the real cleaning needs of bargaining unit members, and that is a factor to be considered under Section 9(h) of Act 312. No other Section 9 factor having been identified as affecting this issue, and all applicable factors having been found to favor the Association's offer, it must be adopted.

Order: Article 29 Sections 3 and 4 in the 1993-96 agreement shall read as follows:

Section 3. Clothing/Cleaning Allowance.

Employees who are not required to wear a uniform by virtue of their permanent assignment shall be paid $300.00 **three times per year**, in the first full pay periods of **February, June and October**, as a clothing/cleaning allowance.

Section 4. Dry Cleaning Allowance.

Uniformed officers shall be paid the sum of $175.00 **three times per year**, in the first full pay periods of **February, June and October**.

CONCLUSION: The panel adopts the foregoing orders by majority (with Delegate Whitbeck dissenting as to all issues except Longevity and Sick Leave Payouts and filing a written dissent, which is attached hereto, on some of them; Delegate Darling dissents from the Longevity and Sick Leave Payout orders only) as the final disposition of all issues submitted to it for resolution herein and not otherwise resolved by the parties during the pendency of these proceedings, and such orders, together with tentative agreements previ-

ously ratified and summarily referred to on the attached Stipulation and any provisions of the expired agreement which were not submitted to the panel for decision, shall be part of the parties' agreement for the period from October 1, 1993 through September 30, 1996.

October 19, 1995

Paul E. Glendon, Chairman

William C. Whitbeck, Employer Delegate

Richard J. Darling, Association Delegate

STATE OF MICHIGAN

DEPARTMENT OF LABOR

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

MICHIGAN STATE POLICE
TROOPERS ASSOCIATION,

Petitioner,

and MERC No. L93 I-1002

STATE OF MICHIGAN,

Respondent.
_____/

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STIPULATION

The State of Michigan, through the Office of State Employer, and the Michigan State Police Troopers' Association, by counsel stipulate that the following tentative agreements, already filed in this matter as Joint Exhibit 2, should be included in the final award of this Panel:

Article 1	-	Recognition
Article 2	-	Association Rights and Security
Article 3	-	Association Dues and Checkoff
Article 4	-	Management Rights
Article 5	-	Modification of Rules, Regulations, Policies, and Official Orders
Article 6	-	Special Conferences
Article 7	-	Bill of Rights
Article 8	-	Discipline and Affirmative Assistance
Article 9	-	Grievance Procedure
Article 10	-	No Strike Clause
Article 11	-	Seniority and Probationary Employees
Article 12	-	Layoffs and Recalls
Article 13	-	Assignment and Transfer
Article 14	-	Reassignment
Article 15	-	Selection of Resident Troopers
Article 16	-	Departmental Vehicles and Parking
Article 17	-	Travel
Article 18	-	Shift Information
Article 19	-	Scheduling, Overtime, and Compensatory Time
Article 20	-	Lunch Period
Article 21	-	Court Attendance - Recall/On-Call and Availability of Personnel
Article 22	-	Safety and Training
Article 23	-	Job Classifications and Evaluation and Working Out of Classification
Article 24	-	Special Employment Matters
Article 25	-	Supplemental Employment
Article 26	-	Duty Disabilities, Injuries and Damaged Personal Property
Article 27	-	Medical Information/Verification
Article 28	-	Leaves of Absence
Article 30	-	Annual Leave, General Emergency Conditions, Allowance for Unclassified and Military Service
Article 31	-	Part C. Sick Leave Bank
Article 32	-	Insurances, except for Part A, Section 1.g. entitled "Premiums"
Article 33	-	Holidays
Article 35	-	Pension Plan
Article 37	-	Maintenance of Benefits Created by 1982 Contract Extension Agreement
Article 38	-	Severability and Savings
Article 39	-	Termination and Modification and Copies of Agreement
Appendix A	-	Letter of Understanding - Clarification of pay status for Discipline Panel Members and Discipline Appeal Board Members; Article 8, Discipline and Affirmative Assistance

Appendix B -	Letter of Understanding - Clarification of the 97th recruit school time-in-service seniority date; Article 11, Seniority and Probationary Employees
Appendix C -	Letter of Understanding - Clarification of appropriate compensation for Departmental Canine Handlers; Article 19, Scheduling, Overtime; and Compensatory Time
Appendix D -	Letter of Understanding - Clarification of scheduled overtime distribution; Article 19, Scheduling Overtime, and Compensatory Time
Appendix E -	Letter of Understanding - Temporary Assignments
Appendix F -	Permanent Department Housing/Allowance
Appendix G -	Reassignment - Articles 13 and 14
Appendix H -	1982 Contract Extension Agreement
Appendix I -	Letter of Agreement to Articles 18 and 19
Appendix J -	Table to be used in conjunction with Article 27, Part D on Physical Fitness Standard

Respectfully submitted,

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Dated: September 25, 1995
swan/9311894 stip

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
COMPULSORY ARBITRATION

MICHIGAN STATE POLICE

-and-

MERC Case No. L93 I-1002

MICHIGAN STATE POLICE
TROOPERS ASSOCIATION

DISSENTING OPINION

I BACKGROUND

I file this dissenting opinion in response to the Findings, Opinion and Orders of the majority of the Panel ("the Majority Opinion") of even date, based upon my conviction, after extensive review of the record, the briefs of the parties and the findings contained in the Majority Opinion itself that such findings are unsupported by competent, material and substantial evidence on the whole record.

By way of background, I note that this is a unique proceeding in a number of ways. *First*, never before has an impasse in bargaining between the Michigan State Police Troopers Association (the "Association"), the exclusive bargaining agent for Michigan State Police Troopers and Sergeants (collectively, "Troopers"), and the State of Michigan (the "State") acting by and through the Office of the State Employer (the "Employer") gone through a compulsory interest arbitration to a decision by an arbitration panel.[1]

[1]The Employer and the Association have reached voluntary, collectively bargained agreements over wages, hours and conditions of employment for Troopers in every instance since the passage of the 1978 amendment to art 11, §8, Const 1963. Although Act 312 arbitration panels have been appointed in the past pursuant to the 1978 amendment, the parties have reached voluntary agreements in all cases without completing the Act 312 arbitration process. The last such voluntary, collectively bargained agreement, contained in a Contract Extension Agreement effective October 1, 1992, covered the period of time from October 1, 1992 to September 30, 1993.

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Second, unlike all other impasse resolution vehicles under the State employment relations system, the decision in this proceeding is both retroactive and prospective. By stipulation of the parties, the decision of the Panel affects wages and other terms and conditions of employment for the Troopers over three fiscal years: the period from October 1, 1993 to September 30, 1994 ("FY 1993-94"), from October 1, 1994 to September 30, 1995 ("FY 1994-95") and from October 1, 1995 to September 30, 1996 ("FY 1995-96"). Self-evidently, the decision with respect to FY 1993-94 and FY 1994-95 is a retroactive one while with respect to FY 1995-96 it is prospective. All other impasse proceedings in the State system are prospective only.

Third, this proceeding is unique in its constitutional and statutory basis. The petition initiating this proceeding was filed by the Association pursuant to the provisions of art 11, §5 of Const 1963, that was amended in November of 1978 to include the following provision:

> "State Police Troopers and Sergeants shall, through their elected representative designated by 50% of such troopers and sergeants, have the right to bargain collectively with their employer concerning conditions of their employment, compensation, hours, working conditions, retirement, pensions, and other aspects of employment except promotions which will be determined by competitive examination and performance on the basis of merit, efficiency and fitness; and they shall have the right 30 days after commencement of such bargaining to submit any unresolved disputes to binding arbitration for the resolution thereof the same as now provided by law for public police and fire departments."

The law relating to the resolution by binding arbitration of disputes involving public police and fire departments is 1969 PA 312, MCL 423.231, et seq ("Act 312"). Act 312 provides for a dispute resolution mechanism, through compulsory and binding interest arbitration, for police and fire departments for the "preservation and advancement of the public interest." Dearborn Fire Fighters v Dearborn, 394 Mich 229, 255; 231 NW2d 226 (1975). Implicit in the statute is the goal of providing arbitration awards which "approximate agreements that would

have been reached in the normal course of collective bargaining." Warren Police Officers Assn v City of Warren, 89 Mich App 400, 404; 280 NW2d 545 (1972).

Act 312 has survived a number of constitutional challenges. In Dearborn Fire Fighters, supra, an equally divided Michigan Supreme Court agreed that Act 312 did not unconstitutionally divest home-rule cities of their constitutional powers, that Act 312 did not unconstitutionally surrender the power to tax to the arbitrators and that the refusal of the City of Dearborn to participate in the arbitration proceedings did not deprive the arbitration panels of jurisdiction. The Justices did not, however, agree upon the constitutionality of the statute. There appeared to be agreement that Act 312 contained adequate standards, with Justice Levin stating that, "The challenged act provides the traditional safeguards...generalized standards to guide the exercise of this delegated power are stated," Id, at 259, fn omitted, and with Justice Williams stating that:

> "As to the necessity of sufficient standards, the general law in Michigan that there must be such standards is quite clear and such compulsory arbitration cases as exist indicate this requirement applies equally in those cases." Id, at 304
>
> * * * * *
>
> "The statute contains extensive standards to which arbitrators are expected to refer when rendering their decisions, *supra*, fn 6. Further, the statute provides the right to judicial review in circuit court to a party dissatisfied with the arbitration result." Id, at 315, citation omitted.

Following the decision in Dearborn Fire Fighters, Act 312 was amended to deal with the problems outlined in that case and in City of Detroit v Detroit Police Officers Ass'n, 408 Mich 410, 294 NW2d 68 (1980), the Court ruled that Act 312 did not usurp constitutionally vested home-rule powers, that it did not represent an unconstitutional delegation of legislative powers and that it did not violate the equal protection clause. Importantly, however, the Court held that

a panel's decision-making authority had been "significantly channeled" by §9[2] of Act 312. Id, at 453.

It is readily apparent, therefore, that an arbitration panel cannot simply render a decision under Act 312 that it considers "fair" or "right." Rather, an Act 312 panel *must* confine its inquiry to the §9 factors, *must* consider those factors that are applicable and *must* base its decision on competent, material and substantial evidence on the whole record. I do not believe, for the

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[2]As noted in the Majority Opinion, §9 of Act 312 sets out eight factors upon which arbitration panels are to base their findings, opinions and orders, as applicable:

a) The lawful authority of the employer ("Authority");
b) Stipulations of the parties ("Stipulations");
c) The interests and welfare of the public and the financial ability of the unit of government to meet these costs ("Ability to Pay");
d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
    i) In public employment in comparable communities;
    ii) In private employment in comparable communities ("Comparable Communities");
e) The average consumer prices for goods and services, commonly known as the cost of living ("CPI");
f) The overall compensation presently received by employees, including wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received ("Overall Compensation");
g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings ("Changes in Circumstances");
h) Such other factors, not confined to the foregoing, which are normally and traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private service ("Other Factors").

reasons set out below, that the Majority Opinion meets these tests and it is for this reason that I dissent from that opinion.[3]

II THE WAGE DECISION FOR FY 1993-94

A. Introduction

The Majority Opinion (See, Majority Opinion, p 4) notes that the Association proposed a 5%, or $1,885, increase in the base wage rate for a Trooper II with 11 years service for the first year of the contract, FY 1993-94. The entire amount of this increase would be rolled into the compensation base. The Employer proposed a 1% increase, or $377, that would be rolled into the compensation base and a $1,350 lump sum payment that would not be rolled into the compensation base. In the aggregate, the Employer's offer was for a 4.58%, or $1,727, increase for FY 1993-94. Both of these offers assumed a FY 1992-93 base year wage of $37,709.

B. Consideration of Subsequent Years

The Majority Opinion repeatedly emphasizes the point that compensation increases that are rolled into the base have an effect in future years:

> "The real difference, and thus necessarily the primary focus of the Section 9 analysis, is that the Association proposes to add the entire 5% increase to base wage rates, while the Employer would put all but 1% in a one-time lump-sum payment, adding only $377 to the base rate. That has no significance beyond the $158 monetary differential during the first year of the contract. But it will have major subsequent impact, because if the Association offer is adopted all $1,885 of the first-year increase will carry over to the second and third years, providing the

[3]I should emphasize that I concur with the statement in the Employer's Brief that the Michigan State Police has a long and proud history and that the Troopers employed by the Department are fine police officers who deserve a fair and competitive wage package commensurate with their skills, training and competence and with the risks involved in their profession. It is equally true, however, that the people of the State of Michigan--the "public" in this proceeding--have an active interest in maintaining not only effective law enforcement but also many other important public programs and services as well as in the judicious expenditure of their tax dollars. The extent to which Majority Opinion ignores this unseen but very real public interest is the extent to which it is ill-conceived and ill-advised.

benchmark Trooper $3,016 more in those two years than would result from the Employer's first year offer -- no matter which offer is adopted for the second or third year -- and by virtue of compounding it also will marginally enhance any percentage increases in those years." (Majority Opinion, pp 4-5; emphasis supplied).

* * * * *

"Factor (b) is relevant, in that the parties stipulated that the contract to emerge from these proceedings would have a three-year term and thus made it necessary to consider the cumulative effects of first-year wage increases in subsequent years, but it cannot be said to favor one party's position over the other." (Majority Opinion, p 5; emphasis supplied).

* * * * *

"Regarding the form of proposed first-year increase, the Union finds further support for its position in the fact that one-time lump-sum payments that are not added to base rates do not offset cost of living increases, which carry forward from year to year and are compounded by subsequent increases. The Union clearly is right about that, and in that important respect factor (e) clearly and strongly favors the Association's first-year offer." (Majority Opinion, p 9; emphasis supplied).

Therefore, the Majority Opinion in evaluating the *first year* proposals of the parties takes into account the effect of these proposals on the *second* and *third* years of the contract.[4] In a situation in which the proposals of the parties are considered in the aggregate--as I note that the Employer proposed in this matter--this would be perfectly appropriate. However, in a situation in which the parties were directed to submit *separate* wage offers for *each* of the three years of the contract (See, XI Tr 161), *each* proposal for *each* year must be evaluated separately and independently. It significantly, and irretrievably, taints this independent evaluation to consider,

[4]The same approach is followed in evaluating the second year of the contract: "In the longer term, however, the Association's proposal will be more favorable to bargaining unit members, because the entire three percent will carry forward into subsequent years as an increase in the base rate." (Draft Opinion, pp 12-13, emphasis supplied).

when analyzing the *first* year of the contract, the effect that the proposals will have in the *second* and *third* year of the contract.

C. External and Internal Comparables

The Majority Opinion notes that:

> "None of the twenty comparable communities split annual wage increases between permanent increases to base wage rates and one-time lump-sum payments. In every case, the entire increase for any of the three years of the contract term here at issue was applied to base wages." (Majority Opinion, p 6).

This statement is correct. However, it is also clearly correct that *every* employee in State government, with the exception of the Troopers, received pay increases in FY 1993-94 that were a combination of percentage increases rolled into the compensation base and lump sum payments not rolled into the compensation base. In its decision on Comparable Communities, the Panel stated that:

> "This does not mean that wages, hours and conditions of employment of other State employee groups -- or, more particularly, negotiated adjustments thereto during the period covered by the agreement which will be the ultimate product of this arbitration -- are not relevant factors to be considered by this panel. They may well be, but not under Section 9(d) of Act 312. Rather, they may be considered under Section 9(h) among "'other factors...which are normally and traditionally taken into consideration in the determination of wages, hours and conditions of employment through collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.'" (Comparables Decision, pp 8-9).

The Majority Opinion describes factor (h), Other Factors, on page 11 and following concedes that, "The fact that other State employee units accepted a lump sum and a base rate increase for 1993-94 may be said to favor the Employer's position." The Majority Opinion goes on to state that this is "offset" by the fact that pay increases for the Troopers always have been applied to base rates and not negotiated in the form of lump sum payments. This conveniently ignores the fact that FY 1993-94 was the *first* year in which the combination of lump sum

payments and percentage increases was negotiated with the other State employee bargaining units. Thus, in FY 1993-94 all other State employees *except* the Troopers received such combination payments pursuant to voluntary, collectively bargained agreements. This simple fact is not, and cannot be, "offset." Therefore, if factor (d), Comparable Communities, "clearly and strongly favors" the Association's position on this issue, then factor (h), Other Factors, just as clearly and just as strongly favors the Employer's position on the same issue.

D. Analysis of Comparable Communities

1. The Appropriate Starting Point

The Majority Opinion states:

> "It also must be remembered that the purpose of factor (d) comparisons is not to *equalize* wages, hours and conditions of employment between the employees involved in an act 312 arbitration and their counterparts in the comparable communities but to *compare* them. Here both parties recognize that the range of services performed by members of this bargaining unit probably is broader than all the in-state comparables and they have more training and a higher degree of professionalism than most (if not all) of them. With that in mind, the appropriate method of comparison is to determine how wages in this bargaining unit have compared to wages in the twenty comparable communities historically, and to choose the wage offers in this proceeding that come closest to maintaining that relationship."
>
> "More specifically, the starting point for that comparison should be the last point at which bargaining unit members were receiving the benefit of a negotiated wage increase. That was September 30, 1992, the expiration date of their last multi-year collective bargaining agreement. They also agreed to a wage freeze and continuation of the 1990-92 agreement, with minor noneconomic modifications, for fiscal 1992-93. But that was a result of temporary but extreme financial hardship in State government and there is historical precedent in this bargaining relationship for a make-up increase after a wage freeze: in 1983-84, the parties negotiated a 9% base wage increase after a freeze in 1982-83. In light of this history, the 1992-93 fiscal year would not be an appropriate period of initial comparison to find the benchmark relationship between wages in this bargaining unit and the comparable communities." (Majority Opinion, p 7).

I agree with the first paragraph of this statement, although I have conceptual problems with the definition of "wages" in the balance of the Majority Opinion that are discussed below.

The second paragraph is sheer sophistry. To suggest that the agreement between the parties for FY 1991-92 was not a collective bargaining agreement because it did not contain a "negotiated wage increase" is to defy the language of that agreement and logic itself. The Contract Extension Agreement effective October 1, 1991, states:

> "It is mutually agreed that the provisions of that Collective Bargaining Agreement entered into between the Employer and the Association, dated the 13th day of August, 1990, and covering the term of September 13, 1990, through September 30, 1992, together with the wage and fringe benefit package contained therein and all written Letters of Understanding entered into between the parties, shall be extended and shall continue in full force and effect until 11:59 p.m., September 30, 1993, except as the provisions of that agreement are specifically modified and/or adjusted in writing by this agreement. This Contract Extension Agreement may be terminated and modified only as provided in Article 39." (Emphasis supplied).

The import of the Contract Extension Agreement is clear: the Employer agreed to *continue* the current fringe benefit package and the Association agreed to *continue* the current wage levels. This trade-off was negotiated and to ignore this is to ignore the most salient and immediate element of the bargaining history between the parties. It is therefore entirely inappropriate to select another starting point for comparisons with the comparable communities. The conclusion is inescapable that the September 30, 1992 starting point was selected *for the result it would produce* and for no other reason.

On the basis of the record, therefore, there can be only one starting place for comparisons with the comparable communities and that is their annualized base wages *during* the base year of FY 1992-93. When the appropriate starting point is used, the maximum base wage rate of the Troopers did *not* exceed the median maximum base wage rate among the twenty comparable communities by 8.8% and their average by 10.5% as the Majority Opinion states. Rather, as shown below, the maximum base wage rate exceeded the median maximum base wage rate among the twenty comparable communities by 6.25% and their average by 8.32%. With *these*

relationships in mind, the *Employer's* proposed wage increases, and not the *Association's*, are supported by the evidence.

2. Annualized Base Wage Comparisons

The following chart sets out the annualized base wage comparisons, annotated to the record:

	FY 1992-93 Base Wages Annualized	Association FY 1993-94 Proposal	Employer FY 1993-94 Proposal
Troopers	$37,709[5]	$39,595[6]	$39,436[7]
Median	$35,495[5]	$36,467[5]	$36,467[5]
% Over Median	6.24%[5]	8.57%	8.14%
Average	$34,811[5]	$35,345[5]	$35,345[5]
% Over Average	8.32%[5]	12.02%	11.57%

Thus, on both a median and an average basis, the Employer's proposal for FY 1993-94 is actually closer to the percentage by which the Trooper's annualized base wages exceeded the annualized base wages of law enforcement officers in the comparable communities:

	Association FY 1993-94 Proposal Percentage Points in Excess	Employer's FY 1993-94 Proposal Percentage Points in Excess
Median	2.33	**1.9**
Average	3.7	**3.25**

Therefore, factor (d), Comparable Communities, *does* provide a basis for choosing between the two offers, *if the appropriate starting point is used.* The starting point is the annualized base wages of Troopers and of law enforcement personnel in the comparable

[5]Exhibit S-75.

[6]Association Brief, p 64.

[7]Employer Brief, p 46.

communities *during* the base year of FY 1992-93. If that starting point is used, this aspect of factor (d), Comparable Communities, clearly favors the proposal of the *Employer*, not the *Association.*

3. Definition of Wages

The Majority Opinion is correct when it states that factor (d), Comparable Communities, directs a comparison of "wages, hours and conditions of employment." (Majority Opinion, p 8). This does not justify, however, *excluding* from wages such cash payments as shift differential payments, longevity payments, clothing allowances, and other cash payments such as weapons allowances, COLAs and the like. (See, Exhibits S-44 and S-44G). When these additional cash payments are considered, the "premium" enjoyed by Troopers over law enforcement officers in the comparable communities--and the continuation of that premium in the Employer's offer--is virtually the same as when base wages alone are considered:

	FY 1992-93 Total Cash Annualized	Association FY 1993-94 Proposal	Employer FY 1993-94 Proposal
Troopers	$40,363[8]	$42,248	$42,090
Median	$38,084[8]	$39,055[9]	$39,055[9]
% Over Median	6%[8]	8.2%	7.8%
Average	$36,868[8]	$37,402[9]	$37,402[9]
% Over Average	9.5%[8]	13%	12.53%

Again, on both a median and an average basis, the Employer's proposal is closer to the percentage by which the Trooper's annualized total cash payments exceeded the annualized total cash payments of law enforcement officers in the comparable communities:

[8]Exhibit S-44.

[9]Assumes no increase in cash payments other than base wages.

	Association FY 1993-94 Proposal Percentage Points in Excess	Employer's FY 1993-94 Proposal Percentage Points in Excess
Median	2.2	**1.8**
Average	3.5	**3.03**

This aspect of factor (d), Comparable Communities, further supports the proposal of the *Employer*, not the of *Association.*

4. Health Insurance

The Majority Opinion, after observing that overall compensation is a matter for the Panel to consider but under factor (f), Overall Compensation, not factor (d), Comparable Communities, states that:

> "Second, the Employer's characterization of health insurance benefits received by bargaining unit members overstates their real value for purposes of Act 312 evaluation; more on this will be part of the factor (f) analysis." (Majority Opinion, p 8).

This statement contains echoes of the Association's contention that the Employer's exhibits and numbers with respect to the cost of health care were "phoney," (See, I Tr 27-30), apparently because the State is self-insured under its health plan. The self-insurance process was outlined by Duane Marlan, Director of the Employee Benefits Division of the Department of Civil Service. As Mr. Marlan testified:

- The State self-administers and self-insures its health plan (See, IV Tr 22-23) and has done so since 1985. (See, IV Tr 24-25). This health plan covers 37,000 active State employees and 29,000 retirees. (See, IV Tr 34).[10]

- The Department of Civil Service sets the rates for the State health plan (See, IV Tr 27-28) pursuant to a process that usually commences in May of each year and results in a decision effective October 1 of that year. (See, IV Tr 28). In this process, the Department of Civil Service considers

[10]28,000 persons are enrolled in HMOs.

the position of the fund established for the State health plan at the close of the preceding fiscal year (See, IV Tr 37-38), claims data for the first six months of the current fiscal year (See, IV Tr 38) and "trending"[11] of these data for the balance of the current fiscal year and the following fiscal year based upon two factors: inflation and utilization. (See, IV Tr 338-40).

- The Department of Civil Service then establishes the rate--the "premium"--for the upcoming fiscal year; *this rate is a single rate for all departments of State government, including the Michigan State Police.* (See, IV Tr 40-42). Further, the State health plan for Troopers is identical to that for all other covered State employees, with the exception that Troopers do not pay any portion of the premium. (See, IV Tr 92-93).

It is clear that the dollar amounts representing the "premiums" set by the Department of Civil Service in the self-insurance process are most certainly accurate. One can contend--although I will suggest below that serious policy concerns flow from this contention--that the "true measure of the benefits they [the Troopers] 'received' was the actual cost of those benefits they actually used" (See, Majority Opinion, p 10), but that is a far cry from a finding that these figures are overstated for purposes of Act 312 evaluation.

In this regard, I note that in City of Ann Arbor and Ann Arbor Fire Fighters Association, IAFF Local 1733 (MERC Case No. D83 S-1514, October 18, 1985) (Paul E. Glendon, Chairperson) the Chairman of this Panel considered "wages and other compensation received by fire fighters in the cities they considered comparable." (Id, at p 7). With respect to the insurance component of total compensation, the Chairman then said:

> "The last column adds to the Total Cash Compensation those amounts contributed by the employers for health, dental, life and optical insurance benefits received by the fire fighters." (Id, at p 8; emphasis supplied).

If health insurance premiums *contributed by the employers* in the Ann Arbor case are a valid factor for evaluation then health insurance premiums *contributed by the State* in this case--

[11]Trending is done for two groups: active State employees and retirees. (See, IV Tr 85).

and that is just exactly what the "premiums" under the State health plan are--*cannot* now be found to be overstated for purposes of Act 312 evaluation. Again, one can only reach the conclusion that the insurance premiums contributed by the State were excluded *for the result that such exclusion would produce.*

E. Increases in the CPI

1. Inclusion of Total Cash and Total Compensation in CPI Comparisons

The Majority Opinion contains an interesting analysis of increases in the Detroit CPI (Majority Opinion, pp 8-10). I dissent, however, from the conclusion:

> "It is logical to exclude medical costs from this analysis [of increases in the CPI], since bargaining unit members have been protected against increases in those costs by the comprehensive health insurance the Employer provides them. But it is illogical and unfair to exclude such costs from one side of the comparison but include them as compensation received on the other side, as the Employer does, so that aspect of the Employer's argument must be rejected." (Majority Opinion, p 9; emphasis supplied).

Theoretically, excluding medical expenses from the measure of the cost of living makes sense. However, to then conclude that the "cost" of health insurance should be excluded from the compensation side of the equation is basically throwing the baby out with the bathwater. The Employer in its Brief included calculations of the CPI and the CPI less medical (See, Employer Brief, pp 28-33). Thus, the mechanism exists by which overall increases in the CPI can be compared with increases in base wages, total cash received and total compensation. The Majority Opinion never actually concludes that CPI comparisons must *only* look at base wages and not total cash received or total compensation, nor could it since Act 312 contains no such restrictions. Through the device of a make-weight argument, however, the Majority Opinion is able to completely ignore these comparisons, and for obvious reasons: they totally support the

Employer's position *even if the short term CPI comparisons favored by the Majority Opinion are used.*

The first step in such an analysis is to compare the FY 1989-90 levels of base wages, total cash and total compensation to the actual FY 1993-94 levels in the same three categories:

	1989-90 Base Levels	1993-94 Levels	% Increase
Base Wages	$34,691	$37,709	8.7%
Total Cash	$37,277	$40,370	8.3%
Total Compensation	$52,556	$67,909	29.2%

The second step is to determine, during the same time period, what these three categories of compensation would have been had they increased by the increases in the CPI:

	1989-90 Base Level	CPI % Increase Over Base CPI	1993-94 Base Level If Increased By CPI
Base Wages	$34,691	12.9%	$39,166
Total Cash	$37,277	12.9%	$42,086
Total Compensation	$52,556	12.9%	$59,336

The third step is to compare the actual increases in these three categories of compensation with the increases that would have occurred with the CPI. As shown below, when base wages *alone* are considered, Troopers lagged inflation. However, when *total compensation* is considered, Troopers substantially *exceeded* inflation:

	1993-94 Actual Levels	1993-94 Levels If Increased By CPI	Premium (Lag)
Base Wages	$37,709	$39,166	($1,457)
Total Cash	$40,370	$42,086	($1,716)
Total Compensation	$67,909	$59,336	$8,573

Thus, when total compensation is considered--and there is not the slightest hint in Act 312 that total compensation should not be considered when evaluating increases in the CPI--Trooper compensation levels did not lag inflation. Rather, they *exceeded* inflation by a healthy $8,373, or *14.4%,* even during the short term period selected by the majority of the Panel. Again, the conclusion is inescapable: increases in total compensation were excluded *for the result that such exclusion would produce.*

2. The CPI and the Retroactive Portion of the Contract

The Majority Opinion entirely omits a highly important feature of this arbitration and that is the fact that fully two of the three years in question have now passed. Thus, the Panel is in the position to compare the proposals of the parties with what has actually occurred in real life. For FY 1993-94, the actual situation was as follows:

Increase in the CPI	Association Increase As a % of Base Wages	Employer Increase As a % of Base Wages
3.1%	5%	4.58%

Thus, for the year of the contract in which the actual increase in the CPI is *known* there is less than one half of a percentage point difference between the proposals of the parties...or, as the Majority Opinion (See, Majority Opinion, p 4) notes, $158 during the first year of the contract. It cannot logically be concluded that factor (e), CPI, favors the Association's proposal *unless* implicit in the analysis is:

- A tacit assumption that Troopers should receive *in FY 1993-94 and rolled into the compensation base in perpetuity* some type of compensation for the effects of *past* inflation; or
- A tacit assumption that Troopers should receive *in FY 1993-94 and rolled into the compensation base in perpetuity* some type of compensation for the effects of *future* inflation.

The problem with tacitly using a wage award for FY 1993-94 to compensate for the effects of *past* inflation is the, equally tacit, assumption that previous collectively bargained agreements did not themselves contain the parties' best efforts to reach an accommodation on this issue. This accommodation may not have been perfect--indeed it almost certainly was not perfect since the parties were generally bargaining prospectively--but it was *in every instance* consensual. To now give the Association "another retroactive bite of the same inflationary apple," when inflation *in the year in question* is known precisely, is as worrisome in this matter as it was in City of Ann Arbor, supra.[12]

The problem with tacitly using a wage award for FY 1993-94 rolled into the compensation base for the effect of *future* inflation is two-fold. First, no-one, including the majority of the Panel, knows what future inflation is going to be. Thus, the majority of the Panel is engaged in a guessing game without the benefit of any evidence of record to assist them...and without the type of consensus that emerges from a collectively bargained agreement.

Secondly, and equally as important, I draw attention to the comments in the Majority Opinion on a future inability to pay argument:

> "In light of this evidence, the possibility of future inability to pay the repetitive costs resulting from base wage rate increases is purely speculative, and even in the realm of speculation seems unlikely. Just as important, this panel only has authority over the 1993-96 contract, during whose term the Employer's ability to pay the increases proposed by the Association is not disputed, and should not base decisions about wages under that contract on speculation or concerns about conditions that may or may not exist some time after September 30, 1996. Simply put, if future ability-to-pay problems do eventuate, those are matters for the parties and, if necessary some other Act 312 panel to consider at the appropriate time. (Majority Opinion, p 6; emphasis supplied).

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[12]See City of Ann Arbor, supra, at 11: "The Union had the opportunity to make such adjustments in the parties' 1981-83 contract, and apparently succeeded, having settled on eight percent increases during both years of that contract. Having done so, it cannot take another retroactive bite of the same inflationary apple in this arbitration." (Emphasis supplied).

Simply put, if *future* problems with increases in the CPI do eventuate--and regardless of whose ox is gored by such increases--then this is a matter for the parties and, if necessary, some other Act 312 panel to consider at the appropriate time.[13]

F. Conclusion

Based on the foregoing, I strongly dissent from the conclusion in the Majority Opinion that, "In summary all applicable statutory factors are neutral or favor the Association with respect to the first-year salary issue." (Majority Opinion, p 12). In particular:

- I dissent from the finding that factor (b), Stipulations, is relevant. The direction to the parties by the Chairman of the Panel to submit separate wage offers for each of the three contract years *precludes* considering the effect of the first year increases on the second and third contract years.

- Factor (c), Ability to Pay, should be considered as neutral: the Employer has conceded an ability to pay but this, in and of itself, is not persuasive as the Chairman of the Panel ruled in Cass County Board of Commissioners and Cass County Deputies (MERC Case No. G82 J1733, July 30, 1983).

- I dissent from the apparent finding that factor (d), Comparable Communities, favors the Association's position. A full analysis under this factor is appropriate and was not undertaken in the Majority Opinion. When the correct starting point is used, when wages are defined to include other forms of cash payments and when the comparable communities are carefully and completely considered, the evidence by any standard is overwhelmingly in the Employer's favor. The health insurance component of total compensation *was* considered in the Ann Arbor case, supra, and the cost of the *premium*--not of utilization--was used as the measure of the value of the benefit received by the employees.

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[13]There is a prospective period to the contract, that period from October 1, 1995 to September 30, 1996. For this period, the Employer *has* proposed increases all of which are rolled into the base. These increases are pegged at 3%. The Employer used an average of the past four fiscal years to predict a CPI increase for FY 1995-96 of 3.05%. (See, Employer's Brief, p 50). The Association has proposed an increase of *4.0%*. It is fairly self-evident that, on a prospective basis, the Employer's proposal is closer to a reasonable short-term estimate of an increase in the CPI. Thus, if the point of using a CPI analysis is to compensate for *prospective* increases in inflation *during the term of the contract*, then the Employer's proposal does so *for the period of the contract that is prospective.*

- I dissent from the apparent finding that factor (e), CPI, favors the Association's position. When total compensation is considered, this factor favors the Employer. Additionally, to the extent that the Majority Opinion's apparent conclusion that this factor favors the Association is premised on the tacit assumption that Troopers should receive compensation *in the first contract year* for the effects of *past* inflation, this clearly is a second, and unnecessary, bite of the inflationary apple. To the extent that it is premised on the tacit assumption that the Troopers should receive compensation *in the first contract year* for the effects of *future* inflation, it is more than a little speculative.

- I dissent from the apparent finding that factor (f), Overall Compensation, favors the Association's position. Setting aside for the moment the issue of the value to the Troopers of the Employer's 100% payment of the premium for the State health plan, the record supports a finding that the overall compensation received by the Troopers is *substantially* greater than that of law enforcement officers in the comparable communities and of other State employees. Thus, on both an external and an internal basis, this factor supports the Employer's proposal.

- I dissent from the finding that factor (h), Other Factors, is neutral. Clearly, the agreements entered into with every other bargaining unit representing State employees for FY 1993-94 contain ample precedent for adoption of a combination of percentage increases rolled into the base and lump sum payments.

It is apparent to me that the approach adopted in the Majority Opinion results in the exclusion of evidence which, if considered, would require a different result. When properly and fully analyzed, the competent, material and substantial evidence on the whole record with respect to the first year of the contract supports the Employer's proposal. I would adopt that proposal.

III THE WAGE DECISIONS FOR FY 1994-95 AND FY 1995-96

The wage decisions of the majority of the Panel for the second and third year of the contract depend conceptually on the conclusions reached for the first year. Accordingly, as I view these conclusions to be unsupported by competent, material and substantial evidence on the whole record, I dissent from the findings of the majority of the Panel for the second and third year of the contract. I would adopt the Employer's proposal for a two percent base rate increase plus a $600 lump sum payment for FY 1994-95 and a three percent increase for FY 1995-96.

IV THE EMPLOYER'S PROPOSAL FOR PAYMENT BY TROOPERS OF 5% OF

THE STATE HEALTH PLAN PREMIUMS

A. Introduction

The Employer proposed that Troopers, like every other employee in State government that elects to participate in the State's self-insured health plan, pay five percent of the "premium" under that plan. The Association argued for maintenance of the status quo; that is, that the Troopers continue to maintain the unique position of having 100% of those "premiums" paid by the State. The Majority Opinion concludes that the two relevant factors relating to the payment of a part of the "premium" under the State health plan favor the Association's proposal to maintain the status quo. (Majority Opinion, p 17). I do not agree.

B. Factor (d), Comparable Communities

It is correct that, as the Majority Opinion observes, less than half of the twenty comparable communities require a health insurance premium contribution by employees. It is equally true that seven communities *do* require such an employee contribution and that three of these communities, Illinois, Indiana and Ohio, are other states bordering Michigan. This evidence does not support a finding that factor (d) "definitely favors the Association on this issue." (Majority Opinion, p 16). If anything, the evidence should be viewed as being neutral.

C. Factor (h), Other Factors

It is this aspect of the Majority Opinion's analysis with which I am most concerned. First, I note that the Majority Opinion uses the Troopers' low utilization of health care resources as a reason for denying the Employer's proposed five percent "premium" contribution. The Association's own witness--on direct examination and over the objections of the Employer's counsel--testified on this point as follows:

> "My question is, would that impact upon Trooper utilization of health resources, that is, if they had to pay 5 percent of this premium that the state creates?

"MS. BARTON: I would have to object. It's lack of foundation.

"Q. (BY MR. HELVESTON) In your opinion, Doctor, based upon your expertise as an economist in the health care field.

"CHAIRMAN: I'll permit it. Go ahead.

"THE WITNESS: The 5 percent premium that the State is proposing is what the economists or health care economists would call a fixed cost. It really does not have anything to do with the use of the resource. If it's something that would come out of your payroll check month after month after month and then has no determinant in terms of whether you go to see a doctor or not.

"So in that sense, it has absolutely no relationship to the consumption of medical care." (X Tr 83-84; emphasis supplied).[14]

In fairness, it must be recognized that the Association's witness was testifying *against* use of premium payments as a means to reduce utilization. Nevertheless, his comments are basically correct: health insurance premiums, once they are set and as opposed to co-pays or deductibles, are a fixed cost and are unrelated to utilization. One can argue over whether the Troopers are high cost or low cost users of health services but the outcome of this debate *cannot* be used to evaluate whether it is appropriate for Troopers to pay five percent of premium costs.

On a broader scale, I suggest that the policy implications involved in a decision to use statistics relating to *utilization* as a measure of the value of health insurance received by employees should be carefully considered. While it is true that utilization data, among other

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[14]The Association's witness, in referring to Exhibit A-179-E, further stated that:

"It shows you a comparison between basically the per capita utilization of the Troopers versus the per capita utilization of non-Troopers, other than the State health plan. And what you're seeing is that really the -- whether or not there's a premium has no relationship on per capita use. So that would be one -- one factor in consideration. So economic theory really tells us that it's a fixed cost, there is no relationship to use, and, hence, would not impact -- in terms of the custom payment mechanism, would not impact the actual utilization of health care resources." (X Tr 84-85; emphasis supplied).

factors, are commonly used to *set* premiums, it is also true that measuring "value" to employees strictly on the basis of these utilization data will have some serious, and probably unintended, consequences. For example:

- If utilization data, and such data alone, are used to set premiums for bargaining units, ultimately the pooling of risk across a large number of State health plan participants will fall by the wayside. Inevitably, therefore, some bargaining units will be assigned very high "premiums" while other bargaining units will be assigned very low "premiums."

- What makes such a result particularly troublesome is that the high premium bargain units, almost as inevitably, will be female-dominated while the low premium bargaining units will be male-dominated. (See, XI Tr 132-133). I seriously question whether this is a proper public policy result.

On an even broader scale, I am quite concerned over the direction taken in this proceeding with respect to the whole issue of health insurance. There seem to be several implicit assumptions in play, first that cost increases in this area have essentially leveled off and second that, in any event, it is management's problem and one that should not be addressed collectively by management and labor. Both of these assumptions are wrong. Health care costs, however measured, may have leveled off in the short term but it is wildly optimistic to conclude that significant increases will not occur over time. Secondly, it only requires the exercise of common sense to realize that every dollar spent by an employer on the cost of health care--again, however measured--is a dollar not available for wages and salaries.

These observations, obviously, do not go directly to the findings in the Majority Opinion. Indeed, they are only incidental to the basic flaws of the Majority Opinion in this area: in its discussion, the Majority Opinion disregards (a) the fact that every other State employee enrolled in the State health plan pays five percent of his or her health insurance premiums and (b) the fact that the value received by all State employees, whether measured by premium costs or utilization data, includes the value of an *extremely* comprehensive plan with *very* low co-pays and

deductibles.[15] When these aspects are considered, it cannot be appropriately concluded that factor (h), Other Factors, supports the Association's proposal to maintain the status quo. Indeed, this factor strongly favors the Employer's proposal.

D. Conclusion

When the relevant factors are considered, the record supports the Employer's proposal. Simply put, utilization has nothing to do with the allocation of the cost of health insurance premiums. Equally simply, if you are a State employee enrolled in the State health plan but you are *not* a Trooper, you will pay five percent of the "premium" set by the Department of Civil Service for that plan, with the balance contributed by the State. While utilization data may--or may not--be helpful in measuring the value of the State's contribution, such data are simply irrelevant to evaluating the Employer's proposal for five percent "premium" payments by Troopers. I would adopt the Employer's proposal.

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[15]See, the testimony of Dr. Kathe Polly Fox on the results when the claims experience of the Troopers is "repaid" under the plan design of other states. (VIII Tr, 31-61). The gist of this testimony was that, based on Trooper utilization data and the provisions of the State health plan as compared to other states, Troopers have low out-of-pocket expenses because of the low co-pay and deductible levels under the State health plan.

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ATTORNEY GENERAL

LANSING

June 9, 1995

JUN 1995
RECEIVED
Personnel Office
Mich. State Police

Paul E. Glendon, Arbitrator
320 North Main, Suite 400
Ann Arbor, MI 48104

RE: Michigan State Police Troopers Association and State of Michigan
MERC Case No.: L93 1-1002

Dear Mr. Glendon:

Enclosed please find one (1) original and six (6) copies of the State of Michigan's Last Offers of Settlement in the above-captioned matter. The original is for you to retain, and the copies are for the Michigan State Police Troopers Association. An addressed stamped envelope has been included for your use in mailing the copies to the Association.

Thank you for your cooperation in this matter.

Very truly yours,

Denise C. Barton

Denise C. Barton
Assistant Attorney General
Public Employment and Elections
(517) 373-6434
P.O. Box 30212
Lansing, MI 48909

DCB:kss
cc: William C. Whitbeck
Janine M. Winters
James B. Spellicy
James R. Wilson
Captain P. David Charney
O. William Rye

STATE OF MICHIGAN

DEPARTMENT OF LABOR

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

MICHIGAN STATE POLICE
TROOPERS ASSOCIATION,

Petitioner,

MERC Act 312
Case No. L93 I-1002

and

STATE OF MICHIGAN,

Respondent.

BEFORE: Arbitrator Paul E. Glendon, Chairperson
William C. Whitbeck, Employer Delegate
Richard J. Darling, Association Delegate

STATE OF MICHIGAN'S FINAL OFFERS OF SETTLEMENT ON ECONOMIC AND NON-ECONOMIC ISSUES

FRANK J. KELLEY
Attorney General
DENISE C. BARTON (P41535)
Assistant Attorney General
Attorney for Respondent
Department of Attorney General
P.O. Box 30212
Lansing, Michigan 48909
(517) 373-6434

INTRODUCTION

The Respondent-Employer, State of Michigan, Office of the State Employer, through counsel, submits its last offers of settlement on those issues which are in dispute between the parties pursuant to Section 8 of Act 312, 1969 PA 312, as amended, which provides in pertinent part as follows:

> Section 8. At or before the conclusion of the hearing held pursuant to section 6, the arbitration panel shall identify the economic issues in dispute, and direct each of the parties to submit, within such time limit as the panel shall prescribe, to the arbitration panel and to each other its last offer of settlement on each economic issue. ...
> MCL 423.238; MSA 17.455(38). (Footnote omitted).

Pursuant to the direction of the panel, the Respondent has also set forth proposed contract language including an effective date for those economic and non-economic issues in dispute.

I. ECONOMIC ISSUES (Listed in Contract Article Number Order):

A. Article 29 - Uniforms and Clothing Allowance

State of Michigan Last Offer of Settlement:

Retain current contract language and make no changes to the contractual provisions on this issue.

Effective Date: October 1, 1993

B. Article 31 - Sick Leave

State of Michigan Last Offer of Settlement:

Retain current contract language and make no changes to the contractual provisions on this issue.

Effective Date: October 1, 1993

C. Article 32 - Insurances

State of Michigan Last Offer of Settlement:

Three changes are proposed by the Employer:

(1) Implementation of the State's Flexible Benefits Plan;

(2) 5% employee premium co-payment; and

(3) Language on PPOs.

(1) Revise Article 32, Part A, by adding a new Section 1 as follows:

SECTION 1. FLEXIBLE BENEFITS PLAN[1]

EFFECTIVE IN FY 1995-96 BARGAINING UNIT EMPLOYEES SHALL BE ELIGIBLE TO PARTICIPATE IN A FLEXIBLE BENEFITS PLAN AS DESCRIBED BELOW.

THE FLEXIBLE BENEFITS PLAN WILL CONSIST OF THE GROUP INSURANCE PROGRAMS AND OPTIONS THAT WERE AVAILABLE TO MSPTA BARGAINING UNIT MEMBERS DURING FY 1994-95 WITH THREE ADDITIONAL CHOICES:

- THE CATASTROPHIC HEALTH PLAN COVERAGE OPTION AVAILABLE UNDER THE STATE'S CURRENT FLEXIBLE BENEFITS PLAN RATHER THAN STANDARD HEALTH PLAN OR HMO COVERAGE;

- THE PREVENTIVE DENTAL COVERAGE AVAILABLE UNDER THE STATE'S CURRENT FLEXIBLE BENEFITS PLAN RATHER THAN THE STANDARD STATE DENTAL PLAN; AND

- EMPLOYEES WILL HAVE ANOTHER OPTION AVAILABLE UNDER LIFE INSURANCE COVERAGE (ONE TIMES SALARY CAPPED AT $50,000 RATHER THAN TWO TIMES SALARY).

EMPLOYEES WILL MAKE INDIVIDUAL BENEFIT SELECTIONS USING A SELECTION FORM PATTERNED AFTER THE ENROLLMENT FORMS USED IN THE STATE'S CURRENT FLEXIBLE BENEFITS PLAN TO COMMUNICATE THE BENEFIT CREDITS GIVEN TO EACH EMPLOYEE AND BENEFIT SELECTIONS AVAILABLE INCLUDING COSTS OR PRICETAGS. CHANGES IN BENEFIT SELECTIONS MAY BE MADE BY EMPLOYEES EACH YEAR DURING THE ANNUAL ENROLLMENT PROCESS OR WHEN THERE IS A CHANGE IN FAMILY STATUS AS DEFINED BY THE INTERNAL REVENUE SERVICE.

FISCAL YEAR 1995-96 INCENTIVES TO BE PAID UNDER THE FLEXIBLE BENEFITS PLAN ARE:

- $1300 PER YEAR ($50 PER PAY PERIOD) TO EMPLOYEES SELECTING CATASTROPHIC HEALTH PLAN COVERAGE; AND

---

[1]Proposed deletions to the current contract appear in legislative format as follows: "~~The State shall continue to pay 100% of the premium.~~" New contract language appears in capital letters: "SECTION 1. FLEXIBLE BENEFITS PLAN."

- $100 PER YEAR TO EMPLOYEES SELECTING THE PREVENTIVE DENTAL PLAN.

INCENTIVES ARE THE SAME REGARDLESS OF AN EMPLOYEE'S CATEGORY OF COVERAGE. FOR EXAMPLE, AN EMPLOYEE ENROLLED IN EMPLOYEE-ONLY COVERAGE ELECTING THE CATASTROPHIC HEALTH PLAN FOR FY 1996 WILL RECEIVE $50 PER PAY PERIOD AS WILL AN EMPLOYEE ENROLLED IN FULL FAMILY COVERAGE ELECTING THE CATASTROPHIC HEALTH PLAN. THE AMOUNT OF THE INCENTIVE TO BE PAID TO EMPLOYEES SELECTING THE LOWER LEVEL OF LIFE INSURANCE COVERAGE IS BASED ON AN INDIVIDUAL'S ANNUAL SALARY AND THE RATE PER $1000 OF COVERAGE AND MAY DIFFER FROM EMPLOYEE TO EMPLOYEE. ANY FINANCIAL INCENTIVES WILL BE PAID BIWEEKLY UNLESS OTHERWISE AGREED BY THE PARTIES AND WILL BE PRORATED IF AN EMPLOYEE'S ENROLLMENT IN THE CATASTROPHIC HEALTH PLAN, PREVENTIVE DENTAL PLAN OR REDUCED LIFE INSURANCE IS FOR LESS THAN 26 PAY PERIODS.

THE AMOUNT OF INCENTIVES, IF ANY, TO BE PAID UNDER THE FLEXIBLE BENEFITS PLAN IS DETERMINED BY THE STATE PERSONNEL DIRECTOR IN CONJUNCTION WITH THE ANNUAL RATE SETTING PROCESS ADMINISTERED BY THE DEPARTMENT OF CIVIL SERVICE.

Effective Date: As soon as administratively possible following the date of the Arbitration Award.

(2) Revise Article 32, Current Section 1 of Part A by renumbering as Section 2 and amend Subsection (g.) as follows:

g. Premiums -- ~~The State shall continue to pay 100% of the premium for employee and employee/dependent coverage for the term of this Agreement~~. AS SOON AS ADMINISTRATIVELY POSSIBLE FOLLOWING THE EFFECTIVE DATE OF THIS AGREEMENT, THE STATE SHALL PAY 95% OF THE PREMIUM FOR EMPLOYEE AND EMPLOYEE/DEPENDENT COVERAGE AND THE ENROLLED EMPLOYEE SHALL PAY 5% OF THE PREMIUM.

Effective Date: As soon as administratively possible following the date of the Arbitration Award.

(3) Revise Article 32, Current Section 1 of Part A by renumbering as Section 2 and amend Subsection h.(6) as follows:

(6) P.P.O.'s. ~~The parties agree that, at the request of either, during economic negotiations for fiscal year 1989-90 they will bargain over a Preferred Provider Organization Health Care option which will take effect upon Civil Service Commission action.~~ Upon mutual agreement between the parties~~, and after full review in the Labor-Management Health Care Committee,~~ a laboratory , FOOT AND ANKLE CARE, MENTAL HEALTH/SUBSTANCE ABUSE PPO, a participating pharmacy prescription drug PPO or other MANAGED CARE ~~drug benefit~~ planS may be established for all bargaining unit members enrolled in the State Health Plan.

Effective Date: As soon as administratively possible following agreement of the parties to implement a PPO.

D. Article 34 - Longevity

State of Michigan Last Offer of Settlement:

Revise Article 34 - LONGEVITY, Section 3.a. (Longevity Compensation Plan Schedule of Payments) to provide as follows:

a. Longevity Compensation Plan Schedule of Payments (EFFECTIVE OCTOBER 1, 1995)

YEARS OF SERVICE	ANNUAL PAYMENT, ALL EMPLOYEES
6 7 8 9	~~$240~~ $260
10 11 12 13	~~$273~~ $300
14 15 16 17	~~$340~~ $370
18 19 20 21	~~$438~~ $480

22 23 24 25	~~$568~~ $610
26 27 28 29	~~$747~~ $790
30 & Over	~~$984~~ $1,040

Revise Article 34 - LONGEVITY, Section 3., by adding a new subsection b. to provide as follows:

B. SUPPLEMENTAL LONGEVITY ADJUSTMENT: IN FISCAL YEAR 1995-96 ONLY, CERTAIN EMPLOYEES WHO ARE ELIGIBLE FOR A LONGEVITY PAYMENT PURSUANT TO SUBSECTION A. ABOVE SHALL BE ELIGIBLE TO RECEIVE A SUPPLEMENTAL LONGEVITY PAYMENT, TOGETHER WITH THE DECEMBER PAYMENT PROVIDED FOR IN SUBSECTION A. ABOVE, AS PROVIDED IN THE FOLLOWING SCHEDULE:

YEARS OF SERVICE	SUPPLEMENTAL FY95-96 PAYMENT
0 THROUGH 8	$0.00
9 THROUGH 12	$60.00
13 THROUGH 16	$81.00
17 THROUGH 20	$90.00
21 THROUGH 24	$126.00
25 THROUGH 28	$129.00
29 OR MORE	$168.00

Effective Date: As soon as administratively possible following the date of the Arbitration Award.

E. Article 36 - Salary (Specific contract language for Article 36 in its entirety is attached as Employer Exhibit A).

PART A. Salary Schedule

State of Michigan Last Offer of Settlement:

Revise Article 36, Section 2, by adding new subsections A, B and C as follows:

a. FISCAL YEAR 1993-94

EFFECTIVE OCTOBER 1, 1993, THE BASE HOURLY RATE IN EFFECT ON SEPTEMBER 30, 1993 FOR EACH STEP IN THE TROOPER I AND TROOPER II PAY RANGES SHALL BE INCREASED BY ONE PERCENT (1.0%). RECRUIT AND SERGEANT ADJUSTMENTS SHALL BE MADE IN ACCORDANCE WITH SECTION 1 OF THIS ARTICLE. A LUMP SUM PAYMENT OF $1350, NOT TO BE ROLLED INTO THE BASE RATE OF PAY, SHALL ALSO BE MADE TO ALL BARGAINING UNIT MEMBERS WHO WERE ON THE PAYROLL ON OCTOBER 1, 1993.

b. FISCAL YEAR 1994-95

EFFECTIVE OCTOBER 1, 1994, THE BASE HOURLY RATE IN EFFECT ON SEPTEMBER 30, 1994 FOR EACH STEP IN THE TROOPER I AND TROOPER II PAY RANGES SHALL BE INCREASED BY TWO PERCENT (2.0%). RECRUIT AND SERGEANT ADJUSTMENTS SHALL BE MADE IN ACCORDANCE WITH SECTION 1 OF THIS ARTICLE. A LUMP SUM PAYMENT OF $600, NOT TO BE ROLLED INTO THE BASE RATE OF PAY, SHALL ALSO BE MADE TO ALL BARGAINING UNIT MEMBERS WHO WERE ON THE PAYROLL ON OCTOBER 1, 1994.

c. FISCAL YEAR 1995-96

EFFECTIVE OCTOBER 1, 1995, THE BASE HOURLY RATE IN EFFECT ON SEPTEMBER 30, 1995 FOR EACH STEP IN THE TROOPER I AND TROOPER II PAY RANGES SHALL BE INCREASED BY THREE PERCENT (3.0%). RECRUIT AND SERGEANT ADJUSTMENTS SHALL BE MADE IN ACCORDANCE WITH SECTION 1 OF THIS ARTICLE.

PART B. Limited Assignment Premium

State of Michigan Last Offer of Settlement:

Retention of language in Part B is no longer necessary. The language has expired.

Effective Date: October 1, 1995

PART B. Bomb Squad (Formerly Part C.)

State of Michigan Last Offer of Settlement:

Retain current contract language and add no additional contractual provisions on this issue.

Effective Date: October 1, 1993

PART C. Allowance for Emergency Response (Formerly Part E)

State of Michigan Last Offer of Settlement:

Retain current contract language, designate this part as "Part C," and make no other changes to the contractual provisions on this issue.

Effective Date: October 1, 1993

PART D. Uniforms and Clothing Allowance Supplement

State of Michigan Last Offer of Settlement:

Delete current Part D.

Effective Date: October 1, 1993

PART D. Tuition Reimbursement (Formerly Part F)

State of Michigan Last Offer of Settlement:

Retain current contract language, designate this part as "Part D" and make no other changes to the contractual provisions on this issue.

Effective Date: October 1, 1993

II. NON-ECONOMIC ISSUES

Article 27 - Medical Information/Verification

State of Michigan Last Offer of Settlement:

Revise Article 27 to add a new subsection as follows:

PART D. PHYSICAL FITNESS APPRAISAL PROGRAM

ALL BARGAINING UNIT MEMBERS SHALL PARTICIPATE IN A PHYSICAL FITNESS APPRAISAL PROGRAM. EXAMPLES OF THE PHYSICAL ACTIVITIES TO BE INCLUDED IN THIS PROGRAM ARE: PUSHUPS, SIT-UPS, BENCH PRESS, SIT AND REACH, AND RUNNING. SPECIFICS FOR EACH ACTIVITY, INCLUDING ACHIEVEMENT GOALS AND OTHER ACTIVITIES TO BE ADDED, WILL BE DECIDED BY A JOINT LABOR-MANAGEMENT COMMITTEE WITHIN SIXTY (60) DAYS FOLLOWING THE EFFECTIVE DATE OF THIS AGREEMENT. EACH PARTY

SHALL APPOINT THREE INDIVIDUALS TO SERVE ON THE COMMITTEE. SHOULD THE COMMITTEE BE UNABLE TO REACH AGREEMENT WITHIN THIS TIME FRAME, MANAGEMENT MAY IMPLEMENT A PROGRAM OF ITS CHOICE.

SECTION 1. MEDICAL CERTIFICATION.

PRIOR TO PARTICIPATING IN THE PHYSICAL FITNESS APPRAISAL PROGRAM AND ANNUALLY THEREAFTER, EACH EMPLOYEE SHALL BE REQUIRED TO SUBMIT A STATEMENT FROM HIS/HER PHYSICIAN CERTIFYING THAT THE EMPLOYEE IS EITHER ABLE OR UNABLE TO PARTICIPATE. AT HIS/HER OPTION, AN EMPLOYEE MAY ELECT TO BE EXAMINED BY A PHYSICIAN UNDER CONTRACT WITH THE DEPARTMENT FOR THE PURPOSE OF SECURING SUCH CERTIFICATION.

IF AN EMPLOYEE IS UNABLE TO PARTICIPATE IN THE PHYSICAL FITNESS APPRAISAL PROGRAM, THE EMPLOYER MAY REQUIRE THAT THE EMPLOYEE OBTAIN ADDITIONAL MEDICAL CERTIFICATION FROM A LICENSED PHYSICIAN OF THE EMPLOYEE'S CHOICE. SUCH ADDITIONAL CERTIFICATION SHALL CONSIST OF A STATEMENT BY THE PHYSICIAN THAT THE EMPLOYEE IS EITHER ABLE OR UNABLE TO PHYSICALLY PERFORM THE JOB OF A MICHIGAN STATE POLICE OFFICER BASED UPON INFORMATION ABOUT THE JOB SUPPLIED BY THE EMPLOYER.

TEMPORARY SITUATIONS MAKING IT IMPOSSIBLE FOR AN EMPLOYEE TO PARTICIPATE (BROKEN LEG, SURGERY, ETC.) AT A PARTICULAR TIME WILL BE CONSIDERED ON A CASE-BY-CASE BASIS WITH PARTICIPATION BEING RESCHEDULED ONCE THE APPROPRIATE MEDICAL CERTIFICATION REQUIRED IN THIS SECTION IS PROVIDED BY THE EMPLOYEE.

NOTHING SHALL PRECLUDE THE EMPLOYER FROM EXERCISING ITS RIGHTS UNDER THIS AGREEMENT IF THE CERTIFICATION PROVIDED BY A LICENSED PHYSICIAN INDICATES THAT AN EMPLOYEE IS UNABLE TO PERFORM THE JOB OF A MICHIGAN STATE POLICE OFFICER.

ALL REQUIRED MEDICAL EXAMINATIONS, APPRAISALS AND TESTING WILL BE CONDUCTED WHILE THE EMPLOYEE IS ON DUTY.

BARGAINING UNIT MEMBERS WHO PARTICIPATE IN THE DEPARTMENT'S VOLUNTARY PHYSICAL FITNESS TESTING AND ACHIEVE THE BRONZE, SILVER, OR GOLD STANDARD, ARE EXEMPT FROM THE REQUIREMENT TO PARTICIPATE IN THE PHYSICAL FITNESS APPRAISAL PROGRAM.

SECTION 2. VOLUNTARY PHYSICAL FITNESS TESTING.

THE PARTIES AGREE TO ENCOURAGE PARTICIPATION IN THE DEPARTMENT'S ANNUAL VOLUNTARY PHYSICAL FITNESS TESTING PROGRAM.

EMPLOYEES WHO PARTICIPATE IN THE VOLUNTARY PROGRAM SHALL BE CREDITED WITH "BONUS" LEAVE FOR VARIOUS LEVELS OF ACHIEVEMENT AS SET FORTH BELOW. ALL BONUS LEAVE HOURS ACCUMULATED BY ENLISTED EMPLOYEES WILL BE DEPOSITED IN A BANK. HOURS ACCUMULATED IN THE BANK MAY BE ALLOCATED BY THE SAFETY COMMITTEE ESTABLISHED IN ARTICLE 22. SUCH DETERMINATIONS SHALL NOT BE GRIEVABLE.

IN ORDER FOR A BARGAINING UNIT MEMBER TO RECEIVE A GRANT OF LEAVE HOURS FROM THIS BANK, THE MEMBER MUST: (1) HAVE BEEN OFF WORK FOR A MINIMUM OF 40 HOURS; (2) BE FACING A FINANCIAL HARDSHIP; AND (3)

HAVE EXHAUSTED ALL APPROPRIATE LEAVE CREDITS. LEAVE HOURS GRANTED FROM THIS BANK, WHEN COMBINED WITH LTD/WORKER'S COMPENSATION SHALL NOT RESULT IN AN EMPLOYEE RECEIVING MORE THAN HIS/HER BASE SALARY. NO MORE THAN 2,088 HOURS MAY BE ALLOCATED TO ANY ONE MEMBER UNLESS MUTUALLY AGREED BY THE PARTIES.

EMPLOYEES WILL BE CREDITED WITH "BONUS" LEAVE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

1)	PARTICIPATION MUST PARTICIPATE IN 4 OF THE 5 CATEGORIES	2 HOURS
2)	ACHIEVEMENT OF BRONZE STANDARD	4 HOURS
3)	ACHIEVEMENT OF SILVER STANDARD	6 HOURS
4)	ACHIEVEMENT OF GOLD STANDARD	8 HOURS

SECTION 3. FITNESS AS SELECTION FACTOR.

PHYSICAL FITNESS TEST RESULTS OF EMPLOYEES SHALL NOT BE USED AS A FACTOR FOR SELECTION TO ANY DEPARTMENTAL POSITION EXCEPT:

A) THE EMERGENCY SUPPORT TEAM;

B) UNDERWATER RECOVERY UNIT;

C) CANINE UNIT;

D) BOMB SQUAD; OR

BY MUTUAL AGREEMENT.

Effective Date: As soon as administratively possible following the date of the Arbitration Award.

Respectfully Submitted;

FRANK J. KELLEY
Attorney General

Denise C. Barton

Denise C. Barton
Assistant Attorney General
Attorney for Respondent

Dated: 6/9/95

OSE 6/9/95
Last Best Offer

ARTICLE 36
SALARY

Part A. SALARY SCHEDULE

Section 1.

The following sets forth the base wage rates for troopers and sergeants:

a. Except in situations involving "lost time", it is the intent of the parties to implement step increases for the Trooper II level on the anniversary date of the employee's hire.

b. The base pay while in recruit school shall be 52.637% of the Trooper I base rate, provided that each recruit shall be compensated for a minimum of twenty-four (24) hours per week at the overtime rate.

c. The base rate for a starting sergeant shall be 10% higher than the maximum trooper base rate.

d. The base rate for a sergeant at the end of one year shall be 5% higher than a starting sergeant.

Section 2.

The following tables are derived by the methods outlined in Section 1:

~~EFFECTIVE 10-1-89~~

~~Trooper I Base (from completion of recruit school through the end of the first year)~~

~~H~~	~~10.63~~
~~B~~	~~850.40~~
~~A~~	~~22195.44~~

~~Trooper II~~

	~~Start~~	~~End Yr 1~~	~~End Yr 2~~	~~End Yr 3~~	~~End Yr 4~~
~~H~~	~~13.61~~	~~14.29~~	~~14.99~~	~~15.76~~	~~16.53~~
~~B~~	~~1088.80~~	~~1143.20~~	~~1199.20~~	~~1260.80~~	~~1322.40~~
~~A~~	~~28417.68~~	~~29837.52~~	~~31299.12~~	~~32906.88~~	~~34514.64~~

~~Sergeant III~~

	~~Start~~	~~End Yr 1~~
~~H~~	~~18.18~~	~~19.09~~
~~B~~	~~1454.40~~	~~1527.20~~
~~A~~	~~37959.84~~	~~39859.92~~

EMPLOYER EXHIBIT A

OSE, 6/9/95
Last Best Offer

~~EFFECTIVE 4-1-90~~

~~Trooper I Base (from completion of recruit school through the end of the first year.)~~
~~H 10.74~~
~~B 859.20~~
~~A 22425.12~~

~~Trooper II~~

	~~Start~~	~~End Yr 1~~	~~End Yr 2~~	~~End Yr 3~~	~~End Yr 4~~
~~H~~	~~13.75~~	~~14.43~~	~~15.14~~	~~15.92~~	~~16.70~~
~~B~~	~~1100.00~~	~~1154.40~~	~~1211.20~~	~~1273.60~~	~~1336.00~~
~~A~~	~~28710.00~~	~~30129.84~~	~~31612.32~~	~~33240.96~~	~~34869.60~~

~~Sergeant III~~

	~~Start~~	~~End Yr 1~~
~~H~~	~~18.37~~	~~19.29~~
~~B~~	~~1469.60~~	~~1543.20~~
~~A~~	~~38356.56~~	~~40277.52~~

~~EFFECTIVE 10-1-90~~

~~Trooper I Base (from completion of recruit school through the end of the first year.)~~
~~H 11.17~~
~~B 893.60~~
~~A 23322.96~~

~~Trooper II~~

	~~Start~~	~~End Yr 1~~	~~End Yr 2~~	~~End Yr 3~~	~~End Yr 4~~
~~H~~	~~14.30~~	~~15.01~~	~~15.75~~	~~16.56~~	~~17.37~~
~~B~~	~~1144.00~~	~~1200.80~~	~~1260.00~~	~~1324.80~~	~~1389.60~~
~~A~~	~~29858.40~~	~~31340.88~~	~~32886.00~~	~~34577.28~~	~~36268.56~~

~~Sergeant III~~

	~~Start~~	~~End Yr 1~~
~~H~~	~~19.11~~	~~20.07~~
~~B~~	~~1528.80~~	~~1605.60~~
~~A~~	~~39901.68~~	~~41906.16~~

EFFECTIVE 10-1-9~~1~~2

Trooper I Base (from completion of recruit school through the end of the first year.)
H 11.62
B 929.60
A 24262.56

EMPLOYER EXHIBIT A

Trooper II

	Start	End Yr 1	End Yr 2	End Yr 3	End Yr 4
H	14.87	15.61	16.38	17.22	18.06
B	1189.60	1248.80	1310.40	1377.60	1444.80
A	31048.56	32593.68	34201.44	35955.36	37709.28

Sergeant III

	Start	End Yr 1
H	19.87	20.86
B	1589.60	1668.80
A	41488.56	43555.68

A. FISCAL YEAR 1993-94:
EFFECTIVE OCTOBER 1, 1993, THE BASE HOURLY RATE IN EFFECT ON SEPTEMBER 30, 1993 FOR EACH STEP IN THE TROOPER I AND TROOPER II PAY RANGES SHALL BE INCREASED BY ONE PERCENT (1.0%). RECRUIT AND SERGEANT ADJUSTMENTS SHALL BE MADE IN ACCORDANCE WITH SECTION 1 OF THIS ARTICLE. A LUMP SUM PAYMENT OF $1350, NOT TO BE ROLLED INTO THE BASE RATE OF PAY, SHALL ALSO BE MADE TO ALL BARGAINING UNIT MEMBERS WHO WERE ON THE PAYROLL ON OCTOBER 1, 1993.

B. FISCAL YEAR 1994-95:
EFFECTIVE OCTOBER 1, 1994, THE BASE HOURLY RATE IN EFFECT ON SEPTEMBER 30, 1994 FOR EACH STEP IN THE TROOPER I AND TROOPER II PAY RANGES SHALL BE INCREASED BY 2.0%. RECRUIT AND SERGEANT ADJUSTMENTS SHALL BE MADE IN ACCORDANCE WITH SECTION 1 OF THIS ARTICLE. A LUMP SUM PAYMENT OF $600, NOT TO BE ROLLED INTO THE BASE RATE OF PAY, SHALL ALSO BE MADE TO ALL BARGAINING UNIT MEMBERS WHO WERE ON THE PAYROLL ON OCTOBER 1, 1994.

C. FISCAL YEAR 1995-96:
EFFECTIVE OCTOBER 1, 1995, THE BASE HOURLY RATE IN EFFECT ON SEPTEMBER 30, 1995 FOR EACH STEP IN THE TROOPER I AND TROOPER II PAY RANGES SHALL BE INCREASED BY THREE PERCENT (3.0%). RECRUIT AND SERGEANT ADJUSTMENTS SHALL BE MADE IN ACCORDANCE WITH SECTION 1 OF THIS ARTICLE.

~~PART B. LIMITED ASSIGNMENT PREMIUM~~

~~Employees permanently assigned to Station 29 prior to or within forty (40) days after~~

~~the effective date of this Agreement will receive a Limited Assignment Premium of $.30 per hour for not to exceed four (4) years of duty at Station 29.~~

PART ~~C~~ B. BOMB SQUAD

Bomb Squad members shall be paid $150.00 per month as hazard pay in addition to their regular compensation.

~~PART D. UNIFORMS AND CLOTHING ALLOWANCE SUPPLEMENT~~

~~Each member of the bargaining unit who was in active payroll status during the pay period containing the effective date of this Agreement and who is otherwise eligible pursuant to Article 29 for a clothing/cleaning allowance or a dry-cleaning allowance shall receive a payment of $200.00. Such payment shall be due and payable not later than the Thursday of the second full pay period following the effective date of this Agreement.~~

PART ~~E~~ C. ALLOWANCE FOR EMERGENCY RESPONSE

~~Effective 10/1/89, t~~The Employer agrees to compensate each employee with at least one (l) year time in service seniority (as defined by Article 11) an additional $3.00 per calendar day as Emergency Response Compensation, to be paid quarterly during the months of December, March, June and September. The payment will be made in the form of a gross pay adjustment and, as such, shall be included in final average compensation.

PART ~~F~~ D. TUITION REIMBURSEMENT

To the extent that funds have been appropriated specifically for tuition reimbursement, unless otherwise provided in such legislative action, the departmental employer agrees to establish a system of partial tuition reimbursement for all departmental employees.

The departmental employer will notify the Association, upon request, of the amount of money appropriated and allocated by the department, as well as any change in such allocations.

The administration of the program shall be consistent with the Civil Service Commission Policy and Plan for Continuing Education, except as specifically provided herein, provided that no such reimbursement shall be authorized where departmental employees are on layoff from an occupation for which such academic pursuit is the primary preparation.

Reimbursement shall apply only to the per-credit-hour cost of tuition, and not to such items as lab fees, miscellaneous fees, books or supplies. Selection among eligible applicants, and proportion of reimbursement, shall be determined by the departmental employer. Employees selected shall only be reimbursed upon presenting written documentation of successful completion of the course.

Tuition reimbursement shall not be made unless the course pertains to the employee's current occupation or one in which the Employer plans to seek candidates.

Procedures to be used for application, approval and verification of successful completion shall be established by the department. The department may require the employee to commit himself/herself to continuing employment with the Department for a reasonable period after completion of the courses for which tuition reimbursement has been received. (Equivalency of work time for course work shall be considered reasonable.)

The provisions of this Article shall not apply in those cases where the Employer requires the employee to take a course(s) as part of assigned duties.

The department will submit a request for an appropriation for tuition reimbursement unless, in the judgement of the department, directives or guidelines of the Department of Management and Budget, or other budgetary authority, indicate such a request would be contrary to State policy.

MICHIGAN STATE POLICE TROOPERS ASSOCIATION

-and-

THE STATE OF MICHIGAN
1993-96 Act 312 Arbitration
Glendon Panel
MERC No. L93 I-1002

LAST BEST OFFERS OF THE ASSOCIATION

SACHS, WALDMAN, O'HARE, HELVESTON,
HODGES & BARNES, P.C.
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LAST BEST OFFERS OF THE ASSOCIATION

Under Michigan Constitution 1963, Article 11, Section 5, the Michigan State Police Troopers and Sergeants are entitled to "submit any unresolved disputes to compulsory binding arbitration for resolution thereof, the same as now provided by law for public police and fire departments." The law provides those entities with binding arbitration through Act 312, Public Acts of 1969 as amended.

Section 8 of Act 312, MCLA 423.238 provides in pertinent part that:

> At or before the conclusion of the hearing held pursuant to Section 6, the arbitration panel shall identify the economic issues in dispute, and direct each of the parties to submit within such time limit as the panel shall prescribe to the arbitration panel and to each other its last offer of settlement on economic issue.... As to each economic issue, the arbitration panel shall adopt the last offer of settlement, which in the opinion of the arbitration panel more nearly complies with the factors prescribed in Section 9.

Pursuant to said statutory provision, the Michigan State Police Troopers Association submits to the arbitration panel, its last best offers of settlement of the issues in dispute between the parties.

1. HEALTH AND PHYSICAL FITNESS

Maintain the status quo in Article 27, Medical Information/Verification.

2. UNIFORM ALLOWANCE

Amend Article 29, Uniforms and Clothing, Section 3: Clothing/Cleaning Allowances and Section 4: Dry Cleaning Allowance, as follows:

Section 3. Clothing/Cleaning Allowance.

EFFECTIVE OCTOBER 1, 1995, Employees who are not required to wear a uniform by virtue of their permanent assignment shall be paid $300.00 ~~semiannually~~ THREE TIMES PER YEAR, in the first full pay periods of ~~April~~FEBRUARY, JUNE and October, as a clothing/cleaning allowance.

Section 4. Dry Cleaning Allowance.

EFFECTIVE OCTOBER 1, 1995, Uniformed officers shall be paid the sum of $175.00 ~~semiannually~~ THREE TIMES PER YEAR, in the first full pay periods of ~~April~~FEBRUARY, JUNE and October.

3. SICK LEAVE PAYOFF UPON SEPARATION OF SERVICE

Effective October 1, 1993, amend Article 31, Sick Leave, Part A, Sick Leave, Section 6. Payment at Separation as follows:

Section 6. Payment at Separation. ~~**Employees hired prior to October 1, 1980.**~~ An employee who separates employment through retirement or death shall be paid for one-half of unused accumulated sick leave at his/her last rate of pay. In case of death, such payment shall be made to the employee's beneficiary or estate.

An employee who separates employment for reasons other than retirement or death shall be paid at his/her last rate of pay for a percentage of his/her unused accumulated sick leave according to the following chart.

Sick Leave Accumulation in Hours	**Percentage Paid**
Less than 104	0
104 - 208	10
209 - 416	20
417 - 624	30
625 - 832	40
833 or more	50

~~Employees hired after October 1, 1980, shall be allowed accumulation and use of sick leave pursuant to the provisions of this Article. However, such employees shall not be entitled to pay for unused accumulated sick leave upon their separation from employment.~~

4. HEALTH INSURANCE - PLAN DESIGN

Amend Article 32, Insurances, as follows:

PART A. INSURANCES

Section 1. Health Insurance.

The State will continue to provide the State health care plan currently in effect for employees in this bargaining unit ~~with the benefit improvements contained below~~. Such State health care plan provides the following benefits for unit employees:

a. **Premium Payment**: The State will pay the State's premium for two (2) pay periods following an employee's layoff. After those two pay periods, the employee may furnish the cost of the full premium to the State until the employee is recalled or for a period of three (3) years, whichever occurs first and the State will forward the premium to maintain coverage.

b. **Outpatient Psychiatric Services**: Reimbursement for out-patient psychiatric services under Major Medical shall be at 90%, with a $3500 per beneficiary maximum benefit per year. Covered charges for the out-patient care by an approved provider of diagnosis, evaluation and treatment of mental and nervous conditions, including drug and alcohol addiction, will be reimbursed under the Major Medical provisions of the health plan. The applicable deductibles and co-insurance will be applied to these charges, and the same $3500 maximum benefit per year per beneficiary applicable to other out-patient psychiatric services shall be applicable to such charges for drug and alcohol addiction.

c. **Major Medical "deductible"**: The individual deductible under Major Medical shall be $50 per calendar year; the family deductible shall be $100 per year. "Out of pocket limit": When 10% of a family member's incurred covered expenses, except expenses resulting from mental or nervous conditions incurred while the family member is not confined in a hospital or similar institution, in a calendar year reach $500.00 any benefits for that person's incurred covered expenses during the rest of that year will be payable at 100%.

d. **"Major Medical" reimbursement rate**: The reimbursement rate under Major Medical shall be ninety percent (90%).

e. **Other covered benefits**:

(1) There shall be no exclusion for "wear and tear" on durable medical

equipment, orthotics and prosthetics.

(2) Substance Abuse Treatment: Substance abuse treatment in licensed facilities for treatment plans not to exceed twenty-eight (28) calendar days duration will be provided under the "Basic" plan. Treatment plans exceeding twenty-eight (28) days will be limited to a maximum of 28 days expense coverage.

Employees and covered dependents will qualify for additional in-patient substance abuse treatment after 60 calendar days following discharge for a previous in-patient substance abuse treatment admission. However, expenses incurred from no more than two admissions per calendar year will be covered.

In-patient treatment and charges for room, board and miscellaneous fees will be covered under the "Basic" plan as provided below:

(a) Residential Care Facility: 100% of reasonable and customary charges for the standard length of treatment program offered by that facility.

(b) Acute Care Hospital Using Acute Care Beds: 67% of semi-private room and board charges and 100% of covered miscellaneous fees for the standard length treatment program offered by that facility. Charges for detoxification will be paid at 100% of reasonable and customary levels for semi-private room and board and miscellaneous fees.

(c) In the event the patient's physician requires, as part of the treatment plan, that the patient be admitted to an acute care hospital rather than a residential care facility, requests for payment of more than 67% shall be evaluated on a case-by-case basis.

f. **Health Maintenance Organization (HMO)** -- As an alternative to State sponsored health insurance program, enrollment in an HMO shall be offered to those employees residing in areas where qualified licensed HMO's are in operation, provided that no employee shall be required to exercise this option. The State will pay up to but not more than the same dollar contribution toward HMO membership, for both employee and Employee/Dependent coverage, as is paid by the State toward the State-sponsored health insurance program.

g. **Premiums** -- The State shall continue to pay 100% of the premium for employee and employee/dependent coverage for the term of this Agreement.

h. **Preserve**. Program to review and evaluate services for effective reduction of voluntary medical expenses (Preserve) Plan.

The Preserve Plan shall not be applied retroactively to admissions or surgical procedures initiated prior to October 1, 1985.

In recognition that the Preserve Plan continues to require proper orientation for employees and physicians, ~~during FY 89-90, 90-91 and 91-92~~ there will be no limitation on benefits caused by the attending physician's failure to obtain pre-admission certification: neither shall there be a limitation of benefits because the patient has failed to secure a second opinion or, through no fault of the patient, no second opinion was rendered. ~~However, during economic negotiations for fiscal year 1992-93, the parties agree to negotiate any establishment of benefit limitations, which may take effect on or after October 1, 1992.~~

The MSPTA shall be entitled to participate as a member of the Labor Management Health Care Committee to review the procedures, communications materials which will be provided to unit members, and benefit booklets. The Committee shall review procedural matters; however, any changes in the specific provisions of the Plan as described herein shall be subject to negotiations.

~~During Fiscal Year 1989-90 the Committee will have the responsibility to review and monitor the progress of the plan on at least a quarterly basis, or more often if needed.~~

It is understood that each exclusively recognized employee organization will be entitled to designate one (1) representative to participate in the Labor Management Health Care Committee.

The appeal procedures established by the health care plan Third Party Administrator (hereinafter TPA) shall be a proper subject for review and recommendations by the Labor Management Health Care Committee.

The Preserve Plan will consist of six principal components: (1) pre-certification of all hospital inpatient admissions; (2) second surgical opinion program; (3) home health care; (4) alternative delivery systems; (5) generic drugs; and (6) preferred provider organization health care option.

(1) **Pre-certification of Hospital Admission & Length of Stay**.

The pre-certification for admission and length of stay component of the Plan requires that the attending physician submit to the TPA the diagnosis,

plan of treatment and expected duration of admission. If the admission is not an emergency, the submission must be made by the attending physician and the review and approval granted by the TPA prior to admitting the covered individual into the acute care facility. If the admission occurs as an emergency, the attending physician is required to notify the TPA by telephone with the same information on the next regular working day after the admission occurs. If the admission is for a maternity delivery, advance approval for admission will not be required; however, the admitting physician must notify the TPA before the expected admission date to obtain the length-of-stay approval.

(2) **Second Surgical Opinion.**

The Preserve Plan also INCLUDES A FOCUSED ~~requires that a mandatory~~ second surgical opinion. ~~shall be obtained for selected elective surgical procedures. Such procedures include the following types of elective surgery:~~

~~- Knee Surgery~~
~~- Hysterectomy~~
~~- Tonsillectomy and/or Adenoidectomy~~
~~- Cholecystectomy~~
~~- Inguinal Hernia Repair~~
~~- Partial or Complete Mastectomy~~
~~- Bunionectomy~~
~~- Hemorrhoidectomy~~
~~- Excision of Cataracts~~
~~- Septo-Rhinoplasty~~
~~- Dilation and Curettage~~
~~- Varicose Vein Stripping and Ligation~~
~~- Prostatectomy~~
~~- Laminectomy~~
~~- Spinal Fusion~~

~~Effective as soon as administratively possible after the effective date of this Agreement, the mandatory second surgical opinion program shall be modified as set forth herein and referred to as focused second surgical opinion.~~ The Focused Second Surgical Opinion shall be part of the pre-certification for hospital admission. The surgical categories subject to the focused second opinion program includes:

- Excision of cataracts
- Cholecystectomy
- Heart surgery

- Bladder surgery
- Herniorrhaphy
- Hysterectomy
- Rhinoplasty/submucous resection
- Tonsillectomy/adenoidectomy
- Tubal and ovarian surgery
- Prostatectomy
- Knee surgery
- Varicose vein stripping and ligation
- Dilation and curettage
- Carpal tunnel
- Partial or complete mastectomy
- Laminectomy

Information regarding the performance of the focused second surgical opinion program, including such factors as cost effectiveness, level of compliance, and confirmation rates, shall continue to be reviewed and discussed in the Labor Management Health Care Committee forum. Whenever such information is received by the Employer, it will be made available to the Labor Management Health Care Committee.

When the above list(s) is modified, the Employer shall notify the Union and all employees 30 days prior to the effective date.

In the event that any of these types of surgery is recommended to the employee or enrolled family member, a second surgical opinion must be sought. The attending physician shall initiate the second opinion referral at the time the physician contacts the TPA for pre-certification for admission. Based upon the medical data provided and the procedure to be done, the physician will be advised if a second opinion is required. If necessary, the employee or dependent will be contacted to advise him/her of the second opinion requirement, and to select a consultant from the panel. The appointment with the chosen consultant will be scheduled for the employee/dependent. The second opinion requirement will be waived when an appointment with an appropriate consultant cannot be scheduled within three (3) weeks or as otherwise provided in this Section. The second opinion physician has the responsibility to supply a copy of the diagnosis, prognosis and recommended treatment to the employee and the TPA.

In the event that no Board Certified Specialist is available within 100 miles from the patient's home, the requirement for a second mandatory opinion will be waived by the TPA. If the patient must travel 50 miles or less, one way, from home to visit the second opinion physician, there shall be no

mileage reimbursement; if the patient must travel 51-100 miles, one way from home to the second opinion physician, the employee shall be eligible for mileage expense reimbursement for any miles over 50, one-way at the "in lieu of" rate then in effect.

An employee may use sick leave, annual leave or accumulated compensatory time to cover his/her absence from work required to obtain the mandatory second opinion. A request for such time shall not be denied. When so used, such leave shall not be considered as a basis for administering any counseling or disciplinary action.

The Plan shall provide full reimbursement for the second surgical opinion and necessary tests. If the second opinion differs from the first opinion, at the employee's option, the Plan shall provide full reimbursement for a third opinion. Regardless of the outcome of the second or third opinion, surgical and other expenses for the hospital confinement shall be reimbursed in full up to the current benefit maximum as long as a second opinion was rendered.

A patient may seek an optional third surgical opinion. In addition, a patient may seek an optional second opinion for an elective surgical procedure not included in the list above. A surgical procedure will be considered elective if it can be safely postponed without compromising the patient's health. Upon request, the TPA will provide a list of three or four Board Certified Specialists in the patient's geographical area. Since such second surgical opinions are completely optional, they shall be covered under the provisions of the existing (Major Medical) health care plan component.

Copies of lists of Board Certified Specialists shall be available in personnel offices and shall be furnished to the Association.

(3) **Home Health Care.**

A program of home health care and home care services to reduce the length of hospital stay and admissions shall also be a component of the Preserve Plan. This component requires that the attending physician contact the TPA to authorize home health care service in lieu of a hospital admission or a continuation of a hospital confinement.

The attending physician must certify that the proper treatment of the disease or injury would require continued confinement as a resident inpatient in a hospital in the absence of the services and supplies provided as a part of the Home Health Care Plan. If appropriate, certification will

be granted for an estimated number of visits within a specified period of time. The details of the types of services and charges that shall be covered under this component will be provided in the State Health Care Plan Benefit booklet. Home health care shall be available at the patient's option in lieu of hospital confinement.

(4) **Alternative Delivery Systems.**

The Preserve Plan shall also provide hospice care and birthing center care benefits to employees and enrolled family members. The details of services and charges to be covered for either of these options shall be described in the State Health Care Plan Benefit booklet. Both hospice care and birthing center care shall be available to employees at their option in lieu of hospital confinement.

(5) **Generic Prescriptions.**

~~Effective as soon as administratively possible after the effective date of this Agreement, t~~The Preserve Plan shall also provide that unless otherwise specified by the prescribing physician, the pharmacy will be required to dispense a generic drug whenever a generic substitution is available. This provision shall be administered in accordance with the Michigan Blue Cross Blue Shield maximum allowable cost (MAC) Program. If an employee indicates that he/she wants a brand name drug to be dispensed and the physician has not specified dispense as written (DAW) on the prescription, the employee shall be responsible for the difference between the maximum allowable cost and the actual cost plus the co-pay.

(6) **PRESCRIPTION DRUG P.P.O.'s.**

~~The parties agree that, at the request of either, during economic negotiations for fiscal year 1989-90 they will bargain over a Preferred Provider Organization Health Care option which will take effect upon Civil Service Commission action. Upon mutual agreement between the parties, and after full review in the Labor Management Health Care Committee, a laboratory PPO and/or a participating pharmacy prescription drug PPO or other drug benefit plan may be established for all bargaining unit members enrolled in the State Health Plan.~~

EFFECTIVE OCTOBER 1, 1995 OR AS SOON THEREAFTER AS ADMINISTRATIVELY POSSIBLE, THE PRESCRIPTION DRUG PREFERRED PROVIDER ORGANIZATION (PPO) ADMINISTERED BY BLUE CROSS/BLUE SHIELD OF MICHIGAN (BCBSM) SHALL BE IMPLEMENTED FOR EMPLOYEES AND DEPENDENTS

ENROLLED IN THE STATE HEALTH PLAN. THIS PPO DOES NOT APPLY TO EMPLOYEES OR DEPENDENTS ENROLLED IN HEALTH MAINTENANCE ORGANIZATIONS (HMOs).

(7) **Mail Order Prescription Drugs.**

At the employee's option, an employee may elect to purchase maintenance prescription drugs through the Mail Order option. There shall be no employee co-pay for drugs purchased under this option.

(8) ~~Effective as soon as administratively possible after the effective date of this Agreement, t~~The following benefits shall ALSO be ~~added~~ COVERED UNDER THE STATE HEALTH PLAN:

(a) Well Child Care through 24 months of age.

(b) Annual Exams from 24 months of age through age 19.

(c) Immunization and lab tests from birth through age 19.

(d) Health Risk Appraisal. The Employer agrees to make a health risk appraisal program available, in cooperation with the Department of Civil Service, to bargaining unit members who wish to participate. Such program shall consist of a health assessment questionnaire to be completed by the participant, a mechanism for obtaining and recording current clinical data on vital health status measures (e.g., blood pressure, cholesterol levels, height/weight) for each participant, and feedback reports consisting of individual group profiles. The program shall safeguard participant data from unauthorized release to the Employer, the Association, or third parties. The parties agree to meet and review the State's plans for extending such program to bargaining unit members prior to its introduction to unit members.

i. **Survivor Conversion Option.**

When an employee who is enrolled in the health care plan dies, but at the time of death does not meet the length of service requirements for his/her survivors to receive an immediate pension benefit, health care plan coverage for dependents enrolled at the time of the employee's death (if any) will terminate on the 30th calendar day following the employee's death unless the dependents elect continued plan coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

j. **Hearing Care Program**.

A Hearing Care Program ~~shall be~~ established as part of the Basic Health Plan ~~effective April 3, 1988, which shall provide the same benefits as the Hearing Care Program in effect for other classified employees. Such program~~ will include audiometric exams, hearing aid evaluation test, hearing aids and fitting. ~~Effective October 1, 1988, w~~When medically appropriate, binaural hearing aids are a covered benefit.

k. **Mammography and Pap Tests**.

A Health Promotion Routine Mammography and Pap Test Benefit will remain in place for employees and dependents enrolled in the State Health Plan. The Pap Test is available annually. The mammography benefit will cover those expenses incurred by covered employees and dependents age 35 or over for a routine mammography procedure conducted in accordance with the frequency recommended by the American Cancer Society (ACS). The American Cancer Society recommends that a baseline mammogram be done between the ages of 35-39; that between the ages of 40-49 a mammogram be taken every 1-2 years and that over the age of 50, there be a mammogram every year.

l. **Orthopedic Inserts**.

~~Effective 10/1/90 or as soon thereafter as administratively possible, m~~Medically necessary orthopedic inserts for shoes shall be a covered benefit for employees and dependents.

m. **Blood Storage**.

~~Effective 10/1/90 or as soon thereafter as administratively possible, t~~The storage cost for self-donated blood for an employee or dependent in preparation for scheduled surgery shall be a covered benefit.

n. **Weight Loss Clinics**.

~~Effective 10/1/90 or as soon thereafter as administratively possible, e~~Employees meeting "morbid obesity" criteria ~~will be~~ ARE covered by a $300 lifetime weight loss clinic attendance benefit covering those expenses not otherwise covered by the State Health Plan. "Morbid obesity" is defined as more than 50% or 100 pounds over ideal body weight or 25% over ideal body weight with certain medical conditions (such as Diabetes, Heart Disease, Respiratory Disease, etc.).

o. **Skilled Nursing Care Facility**.

~~Effective as soon as administratively possible after the effective date of this Agreement, t~~The skilled nursing facility coverage ~~shall be~~ IS 730 days per confinement for employees and dependents.

Section 2. Dental Insurance.

The State will continue to provide the dental insurance program currently in effect, for employees, and employee/dependent coverage including the following:

a. **Orthodontic Services:**

(1) There shall be no maximum age limit on covered orthodontic services for enrolled spouses.

(2) Covered orthodontic services shall be paid at the 60% benefit level with the separate lifetime maximum increased to $1,500 per enrolle.

b. **Other Benefits:**

(1) Teeth cleaning should be payable three (3) times in a fiscal year.

(2) Space maintainers shall be payable for children up to age 14.

(3) Bite wing x-rays shall be payable once in a fiscal year unless special need is shown. Full mouth x-rays shall be payable once in a five-year period unless special need is shown.

(4) Sealants:

~~Effective October 1, 1990 or as soon thereafter as administratively possible, s~~Sealants ~~will be~~ ARE covered for permanent molars only which must be free of restoration or decay at the time of application. Sealants are payable only up to 14 years of age. Payments will be made on a per-tooth basis. No benefit is payable on the same tooth within three years of a previous application. The dental plan will pay 50% of the reasonable and customary amount of the sealant with the employee to pay the remainder. Under the dental point of service PPO, the plan will pay 70% of the charge.

c. The State will pay ninety-five percent (95%) of the premiums for employee and employee/dependent coverages.

d. **Dental Point of Service PPO.**

~~Effective July 1, 1989, e~~Employees and dependents enrolled in the State Dental Plan may access the improved benefit levels specified below by utilizing dental care providers that are members of the Dental Point-of-Service PPO.

Benefit	Current Coverage	Enhanced Coverage
Exams	100%	100%
Preventive	100%	100%
Radiographs	90%	100%
Fillings	90%	100%
Endodontics	90%	100%
Periodontics	90%	100%
Simple Extractions	90%	100%
Complex Extractions	90%	100%
Prosthodontic Repairs	50%	100%
Other Oral Surgery	90%	90%
Adjunctive	90%	90%
Crowns	90%	90%
Fixed Bridgework	50%	70%
Partial Dentures	50%	70%
Full Dentures	50%	70%
Orthodontics	60%	75%
Annual Maximum	$1,000	$1,000
Lifetime Orthodontics	$1,500	$1,500

The State Dental Plan's "Standard" or current coverage benefits amounts are still payable when the services are provided by a non-PPO dentist.

Section 3. Life Insurance.

~~On the effective date of this Agreement, t~~The State will CONTINUE TO provide a life insurance plan with the following coverages:

a. **Active Employee** -- Coverage shall be 2.0 times basic annual salary (base hourly rate of pay, excluding all fringes, supplements and premiums, times 2088 hours) rounded upward to the nearest thousand dollars.

b. **Dependent Coverage** -- The employee may choose between ~~three~~ FIVE levels of dependent coverage:

(1) **Level One**: Spouse for $1,500; child(ren) for $1,000;

(2) **Level Two**: Spouse for $5,000; child(ren) for $2,500;

(3) **Level Three**: Spouse for $10,000; child(ren) for $5,000;

(4) **Level Four**: ~~Effective as soon as administratively possible after the effective date of this Agreement, a new fourth (4th) level of employee paid life insurance coverage for dependents shall be available.~~ The level of coverage on the employee's spouse shall be $25,000, and the level of coverage for enrolled dependent child(ren) shall be $10,000.

(5) **Level Five**: ~~Effective as soon as administratively possible after the effective date of this Agreement, a new fifth (5th) level of employee paid dependent life insurance coverage shall be available.~~ The level of coverage for enrolled dependent child(ren) shall be $10,000.

Dependent coverage for children shall be limited to infants 15 days or older. The optional life insurance plan shall have an age ceiling of 23 years for dependent coverage, except that there shall be no age ceiling for handicapped dependents. A dependent will be considered handicapped if he/she is unable to earn a living because of mental retardation or physical handicap and depends chiefly on the employee for support and maintenance.

c. **Retiree Coverage** -- An employee who retires during the term of this Agreement shall have coverage equal to twenty-five percent (25%) of the insurance in force at retirement. Dependent coverage will be in accordance with the statutory provision.

d. **Premiums**:

(1) **Active Employee**: The State shall pay 100% of the premium for active employee coverage.

(2) **Dependent Coverage**: The employee shall pay 100% of the premium for dependent coverage.

(3) **Retiree Coverage**: The State shall pay 100% of the premium for an employee who retires during the term of this Agreement, as well as the premium for his/her spouse, if enrolled.

SECTION 4. FLEXIBLE BENEFITS PLAN.

EFFECTIVE OCTOBER 1, 1995 OR AS SOON THEREAFTER AS

ADMINISTRATIVELY POSSIBLE, EMPLOYEES SHALL BE ELIGIBLE TO VOLUNTARILY PARTICIPATE IN A FLEXIBLE BENEFITS PLAN. THE FLEXIBLE BENEFITS PLAN WILL MAINTAIN THE GROUP INSURANCE PROGRAMS AND OPTIONS DESCRIBED IN SECTIONS 1, 2 AND 3 ABOVE, WITH THREE ADDITIONAL CHOICES:

(1) A CATASTROPHIC HEALTH PLAN COVERAGE OPTION RATHER THAN STANDARD HEALTH PLAN OR HMO COVERAGE;
(2) A PREVENTIVE DENTAL COVERAGE RATHER THAN THE STANDARD STATE DENTAL PLAN; AND
(3) A LIFE INSURANCE COVERAGE OPTION EQUAL TO BASIC ANNUAL SALARY OR $50,000 (RATHER THAN 2.0 TIMES BASIC ANNUAL SALARY).

EMPLOYEES WILL MAKE INDIVIDUAL BENEFIT SELECTIONS UNDER THE FLEXIBLE BENEFITS PLAN USING A SELECTION FORM MUTUALLY AGREED TO BY THE ASSOCIATION AND THE EMPLOYER, PATTERNED AFTER THE ENROLLMENT FORMS USED IN THE STATE'S CURRENT FLEXIBLE BENEFITS PLAN, TO INCLUDE:

(1) THE BENEFIT CREDITS GIVEN TO EACH EMPLOYEE;
(2) ANY CURRENT INDIVIDUALIZED ENROLLMENT INFORMATION ON FILE WITH THE EMPLOYER; AND
(3) THE BENEFIT SELECTIONS AVAILABLE, INCLUDING COSTS OR PRICES, AND INCENTIVES.

BENEFIT SELECTIONS MADE BY EMPLOYEES MAY BE CHANGED EACH YEAR DURING THE ANNUAL ENROLLMENT PROCESS, OR WHEN THERE IS A CHANGE IN FAMILY STATUS AS DEFINED BY THE INTERNAL REVENUE SERVICE.

FISCAL YEAR 95 INCENTIVES PAID UNDER THE STATE'S FLEXIBLE BENEFITS PLAN ARE:

(1) $125 TO EMPLOYEES SELECTING HMO COVERAGE;
(2) $1300 TO EMPLOYEES SELECTING CATASTROPHIC HEALTH PLAN COVERAGE; AND
(3) $100 TO EMPLOYEES SELECTING THE PREVENTIVE DENTAL PLAN.

INCENTIVES ARE THE SAME REGARDLESS OF AN EMPLOYEE'S CATEGORY OF COVERAGE. (I.E., AN EMPLOYEE ENROLLED IN EMPLOYEE-ONLY COVERAGE AND AN EMPLOYEE ENROLLED IN FULL-FAMILY COVERAGE WILL EACH RECEIVE THE SAME $1300 FOR FY 95, IF EACH ELECTED THE CATASTROPHIC HEALTH CARE COVERAGE).

INCENTIVES TO BE PAID DURING FY96, IF ANY, WILL BE DETERMINED IN

CONJUNCTION WITH THE ANNUAL RATE SETTING PROCESS ADMINISTERED BY THE DEPARTMENT OF CIVIL SERVICE AND THE STATE PERSONNEL DIRECTOR. IF FINANCIAL INCENTIVES ARE PAID UNDER THE FLEXIBLE BENEFITS PLAN TO EMPLOYEES ELECTING HMO, CATASTROPHIC HEALTH OR PREVENTIVE DENTAL PLAN COVERAGE, THE INCENTIVES WILL BE PAID BIWEEKLY.

THE AMOUNT OF THE INCENTIVE TO BE PAID TO EMPLOYEES SELECTING THE LOWER LEVEL OF LIFE INSURANCE COVERAGE IS BASED ON AN INDIVIDUAL'S ANNUAL SALARY AND THE RATE PER $1000 OF COVERAGE, AND THEREFORE MAY DIFFER FROM EMPLOYEE TO EMPLOYEE. ANY INCENTIVES RESULTING FROM THE SELECTION OF A LESS EXPENSIVE LIFE INSURANCE OPTION WILL BE PAID BIWEEKLY.

THE AMOUNT OF EACH INCENTIVE SHALL BE CALCULATED AND DISTRIBUTED TO ALL BARGAINING UNIT MEMBERS AT LEAST SIXTY (60) DAYS PRIOR TO THE BEGINNING OF THE ANNUAL OPEN ENROLLMENT PERIOD.

THE PARTIES AGREE TO MEET AS SOON AS POSSIBLE FOLLOWING THE EFFECTIVE DATE OF THIS AGREEMENT TO BEGIN PLANNING THE JOINT PROMOTION AND COMMUNICATION OF THE FLEXIBLE BENEFITS PLAN AND INCENTIVE PROGRAM TO MSPTA REPRESENTED EMPLOYEES.

Section 45. Duty-Connected Accidental Death.

The Employer shall continue to provide and pay the entire premium for the duty-connected accidental death insurance plan, which is presently in effect. The benefit level shall be $100,000.

Section 56. Vision Care Insurance.

The Employer will continue to provide the vision care insurance plan currently in effect for employees and employee's spouse and dependents.

a. Benefits payable to participating providers will be as follows:

(1) **Examination** -- Payable once in any twelve (12) month period with an employee co-payment of $5.00.

(2) **Lenses and Frames** -- Payable once in any twenty-four (24) month period with an employee co-payment of $7.50 for eyeglass frames and lenses and $7.50 for medically necessary contact lenses. Lenses and frames are

payable once in any twelve (12) month period if there is a change in prescription with no change in employee co- payment.

~~Effective 10-1-90 or as soon thereafter as administratively possible,~~ ~~r~~Regular lenses up to 71 MM will be covered. If a larger lens is selected the extra size beyond 71 MM is not a covered benefit.

(a) Medically necessary means (a) the member's visual acuity cannot otherwise be corrected to 20/70 in the better eye, or (b) the member has one of the following visual conditions: Keratoconus, irregular astigmatism, or irregular corneal curvature.

(b) The payment to participating providers for eyeglass frames shall be the provider's cost or $25, whichever is less, plus dispensing fee.

(3) **Non-Medically Necessary Contact Lenses --**
A maximum of $60.00, with the employee paying any additional charge. The employee co-payment provision of $7.50 under (2) above is not applicable. ~~Effective 10-1-90 or as soon thereafter as administratively possible, t~~The payment to participating providers for contact lenses not medically necessary shall be the provider's charge or $90, whichever is less.

b. Benefits payable to non-participating providers will be as follows:

(1) **Vision Testing Examination** -- Seventy-five percent (75%) of the reasonable and customary charge after being reduced by the employee's co-payment of $5.00.

(2) **Eyeglass Frames** -- The provider's charge or $14.00, whichever is less.

(3) **Eyeglass Lenses** -- The provider's charge or the amount set forth below, whichever is less:

(a) **Regular Lenses:**

Single Vision	$13.00/pair
Bifocal	$20.00/pair
Trifocal	$24.00/pair

(b) **Contact Lenses:**

Medically necessary (as defined in

a(2) above $96.00/pair
Non-medically necessary $40.00/pair

(c) **Special Lenses** (e.g., aphotic, lenticular, aspheric):

Fifty percent (50%) of providers charge or seventy-five percent (75%) of the average covered vision expense benefits paid to participating providers for comparable lenses, whichever is less.

(d) **Additional Charge for Plastic Lenses**

Lenses . . . . . $ 3.00/pair

Plus benefit provided above for covered lenses.

(e) **Additional Charge for Tints**

Equal to Rose Tint #1 and #2 . . . $ 3.00/pair

(f) **Additional Charge for Prism Lenses**

Lenses . . . . . $ 2.00/pair

(When only one lens is required the plan will pay one-half of the applicable amount per pair shown above.)

c. **Premiums** -- The State will pay 100% of the applicable premium for enrolled employees and employee/dependent coverage.

PART B. LONG TERM DISABILITY INSURANCE

Section 1. Benefit.

The State shall continue to provide the same LTD insurance program for unit employees as was provided for unit employees on the effective date of this Agreement. This plan provides a minimum 30-day waiting period without loss or use of sick leave after the employee completes the minimum waiting period and submits a claim for such insurance.

Section 2. Premiums.

The State shall pay 100% of the premium for such LTD insurance coverage for the term of this Agreement.

Section 3.

Employees covered by the LTD insurance shall have the exclusive option of (1) exhausting sick leave and annual leave, pursuant to Article 28, Leaves of Absence, before they are granted a medical leave of absence, or (2) they may elect to take a medical leave of absence after completion of the required 30 day minimum waiting period and freeze any accumulated, unused sick and/or annual leave.

Section 4.

The Employer shall provide a rider to the existing LTD Insurance Program. All employees who are enrolled in the LTD Insurance Program shall be automatically covered by this rider. The rider shall provide insurance which will pay directly to the carrier the full amount (100%) of health insurance (or HMO) premiums while such employee is on LTD insurance (or HMO) premiums while such employee is on LTD insurance for a maximum of six (6) months for each covered employee. The Employer shall pay 100% of the cost of the premium for such rider.

PART C. DEFERRED COMPENSATION PLAN

All employees within the unit may exercise their rights to participate in the State of Michigan's Deferred Compensation Plans, as last adopted by the Civil Service Commission and may, during the life of this Agreement, exercise the rights and benefits under any renewed or modified Deferred Compensation Plans adopted by the Civil Service Commission. This does not include any Employer match program which may be adopted by the Civil Service Commission for any classified employees. Participation of employees within the unit in such a program is subject to negotiation between the parties.

PART D. MAINTENANCE OF INSURANCE BENEFITS

There are certain life and disability insurance programs to which the Department does not contribute or pay any premiums nor have any control over. The Employer agrees to continue permitting unit employees the convenience of voluntary payroll deductions for non-state sponsored programs (such as credit unions, charitable organizations and individual enrolled insurance programs), but only in accordance with standards by the Department of Management and Budget pursuant to, Section 283 of PA 421 of 1984. The State makes no guarantee, and assumes no liability, for the administration, benefit level or premium charges for enrollment in

such programs. In addition, the State reserves the prerogative to institute or substitute alternative programs to any and all such programs, where such alternative(s) provides substantially similar (greater) benefits including, but not limited to, the option of establishing a rider on current State-sponsored insurance programs.

PART E. OPEN ENROLLMENT.

There will be an annual open enrollment period for the State Health Care Plan, Dental Plan and Vision Care Plan for employees in this bargaining unit who are eligible according to the terms of the plans.

PART F. CONTINUATION OF GROUP INSURANCES.

a. Upon Layoff:

(1) Subject to limitations below, employees laid off from active state employment may elect to pre-pay the employee's share of premiums for dental, vision care and life insurance for the two (2) additional pay periods after layoff by having such premiums deducted from their last paycheck. The Employer shall pay the Employer's share of premiums for health, dental, vision care and life insurance for two (2) pay periods for all employees who elect this option. Coverage for health, dental, vision care and life insurance shall continue for these two (2) pay periods.

(2) Employees who are laid off may, at the time of layoff, elect to continue enrollment in the group basic and major medical plan (or HMO) and life insurance plan by paying the full amount (100%) of the premium. Such enrollment may continue until the employee is recalled or for a period of three years, whichever occurs first. Such employee may also elect to continue enrollment in the group dental and/or group vision plans by paying the full amount (100%) of the premium. Such enrollment may continue until the employee is recalled or for a period of eighteen (18) months, whichever occurs first. In accordance with paragraph (1) of this subsection, the Employer shall pay the Employer's share of such premiums for two (2) pay periods for employees selecting these options.

b. Upon Leave of Absence:

Employees who are granted a leave of absence may elect to continue enrollment in the Group Basic and Major Medical Plan (or HMO) at the time leave begins. Such employees shall be eligible for continued enrollment during the leave of absence by paying the full amount (100%) of the premium. Such employees

may also elect, at the time the leave begins, to continue enrollment in the life insurance plan for up to twelve (12) months by paying the full amount (100%) of the premium. Such employees may likewise elect to continue enrollment in the group dental plan and/or group vision plan for up to eighteen (18) months by paying the full amount (100% of the premium.

c. The State recognizes its obligations under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), in case of a qualifying event as defined by that statute.

PART G. FLEXIBLE COMPENSATION PLAN.

The Employer shall maintain the current flexible compensation plan for employees in this bargaining unit. In addition, ~~effecti~~ ~~e as soon as administratively possible after the effective date of this Agreement, b~~Bargaining unit members shall be offered the option to participate in the State of Michigan dependent care and/or medical spending accounts authorized and established by the State in accordance with current Section 125 of the U.S. Internal Revenue Service Code.

PART H. GROUP AUTO AND HOMEOWNERS PLAN.

Employees in this Unit shall, upon completion of a successful bidding process, be eligible for enrollment in a group auto and homeowners plan with the employee to pay the entire cost of any premiums. If unsuccessful in the bidding process, there shall be no obligation for the State to re-bid such a plan.

5. HEALTH INSURANCE - PREMIUMS

Maintain the status quo in Article 32, Insurances, Part A, Insurance, Section 1. Health Insurance Sub-section g. Premiums, as follows:

PART A. INSURANCES

Section 1. Health Insurance.

g. **Premiums** -- The State shall continue to pay 100% of the premium for employee and employee/dependent coverage for the term of this Agreement.

6. LONGEVITY

Amend Article 34, Longevity, Section 3, Time of Payment as follows:

Section 3. Time of Payment. Payments to employees who become eligible on October first of any year shall be due the subsequent December first; except that pro rata payments in case of retirement or death shall be made as soon as practicable thereafter.

a. **Longevity Compensation Plan Schedule of Pavments**
(effective ~~1-1-90~~ 10/1/95)

YEARS OF SERVICE	ALL EMPLOYEES
6 7 8 9 Annual Payment	~~$240~~ 1% OF BASE RATE
10 11 12 13 Annual Payment	~~$273~~ 2% OF BASE RATE
14 15 16 17 Annual Payment	~~$340~~ 3% OF BASE RATE
18 19 20 21 Annual Payment	~~$438~~ 4% OF BASE RATE
22 & OVER ~~23~~ ~~24~~ ~~25~~ Annual Payment	~~$568~~ 5% OF BASE RATE
~~26~~ ~~27~~ ~~28~~ ~~29~~ ~~30~~ ~~Annual Payment~~	~~$747~~

~~&~~	~~Annual~~	
~~Over~~	~~Payment~~	~~$984~~

7. WAGES - 10-1-93 to 9-30-94 (First Year)

Amend Article 36, Salary, Part A. Salary Schedule, Section 2, as follows:

Section 2.

The following tables are derived by the methods outlined in Section 1:

Effective 10-1-93 (5%)

Trooper I Base (from completion of recruit school through the end of the first year)

H	12.20
B	976.00
A	25473.60

Trooper II

	START	END YR 1	END YR 2	END YR 3	END YR 4
H	15.61	16.39	17.20	18.08	18.96
B	1248.80	1311.20	1376.00	1446.40	1516.80
A	32593.68	34222.32	35913.60	37751.04	39588.48

Sergeant III

	START	END YR 1
H	20.86	21.90
B	1668.80	1752.00
A	43555.68	45727.20

8. WAGES - 10-1-94 to 9-30-95 (Second Year)

Amend Article 36, Salary, Part A Salary Schedule, Section 2, as follows:

Section 2.

The following tables are derived by the methods outlined in Section 1:

Effective 10-1-94 (3%)

Trooper I Base (from completion of recruit school through the end ofthe first year.)

H	12.57
B	1005.60
A	26246.16

Trooper II

	START	END YR 1	END YR 2	END YR 3	END YR 4
H	16.08	16.88	17.72	18.62	19.53
B	1286.40	1350.40	1417.60	1489.60	1562.40
A	33575.04	35245.44	36999.36	38878.56	40778.64

Sergeant III

	START	END YR 1
H	21.48	22.55
B	1718.40	1804.00
A	44850.24	47084.40

9. WAGES - 10-1-95 to 9-30-96 (Third Year)

Amend Article 36, Salary, Part A: Salary Schedule, Section 2, as follows:

Section 2.

The following tables are derived by the methods outlined in Section 1:

EFFECTIVE 10-1-95 (4%)

Trooper I Base (From completion of recruit school through the end of the first year.)

H	13.07
B	1045.60
A	27290.16

Trooper II

	START	END YR 1	END YR 2	END YR 3	END YR 4
H	16.72	17.56	18.43	19.36	20.31
B	1337.60	1404.80	1474.40	1548.80	1624.80
A	34911.36	36665.28	38481.84	40423.68	42407.28

Sergeant III

	START	END YR 1
H	22.34	23.46
B	1787.20	1876.80
A	46645.92	48984.48

~~**PART B. LIMITED ASSIGNMENT PREMIUM**~~

~~Employees permanently assigned to Station 29 prior to or within forty (40) days after the effective date of this Agreement will receive a Limited Assignment Premium of $.30 per hour for not to exceed four (4) years of duty at Station 29.~~

10. BOMB SQUAD - PREMIUM PAY

Amend Article 36, Salary, Part C, Bomb Squad, as follows:

EFFECTIVE 10/1/95, Bomb Squad members shall be paid ~~$150.00~~ 5% OF THEIR BASE RATE per month as hazard pay in addition to their regular compensation.

11. TUITION REIMBURSEMENT

Maintain status quo in Article 36, Salary, Part F, Tuition Reimbursement.

Submitted by:

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Dated: June 9, 1995