

INTEREST ARBITRATION DECISION
CITY OF JERSEYVILLE
&
POLICE BENEVOLENT LABOR COMMITTEE
FEBRUARY 10, 2001

In the Matter of:	}	
City of Jerseyville	}	By Assignment of the
	}	Illinois State Labor Relations Board
	}	Case No. S-MA-01-003
&	}	
	}	
Police Benevolent Labor Committee	}	

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HEARING & BRIEFING DATES

Mediation: Nov. 9, 2000
Interest Arbitration: Nov. 30, 2000
Briefs: Jan. 12, 2001
Award and Decision: Feb. 10, 2001

For the Union

B. Jay Dowling, P.C.
6 Canty Lane
Fairview Heights, IL 62208

For the City

J.A.C. Knuppel, Chief Labor Counsel
State's Attorneys Appellate Prosecutor
725 S. Second Street
Springfield, IL 62704

ARBITRATOR

Michael H. LeRoy

I. GROUND RULES AND PRE-HEARING STIPULATIONS OF THE PARTIES

The authorized representatives stipulated the following:

1. The Arbitrator in this case shall be Michael LeRoy. The case is submitted to the Arbitrator by voluntary agreement of the parties pursuant to 5 ILCS 315(14). The parties stipulate that the procedural prerequisites for convening the Arbitration hearing have been met, and that the Arbitrator has jurisdiction and authority to rule on those mandatory subjects of bargaining submitted to him as authorized by the Illinois Public Labor Relations Act (IPLRA), including but not limited to the express authority and jurisdiction to award increases in wages retroactive to July 1, 2000. The parties agree to use the procedures authorized in § 14 of the IPLRA, with the exception of convening a tripartite panel. Each party expressly waives and agrees not to assert any defense, right or claim that the Arbitrator lacks the jurisdiction and authority to make such a retroactive award; however, the parties do not intend by this Agreement to predetermine whether any award of increased wages should in fact be retroactive to July 1, 2000.

2. The hearing in said case will be convened on November 30, 2000 at 10:00 a.m. The requirement set forth in Section 1230.90(a) of the rules and regulations of the Illinois State Labor Relations Board, regarding the commencement of the arbitration hearing within fifteen (15) days following the Arbitrator's appointment, has been waived by the parties. The hearing will be held at the City Hall in Jerseyville, Illinois.

3. The parties agree that the Arbitration hearing involves "collective negotiating matters between public employers and their employees or representatives," and therefore is not subject to the public meeting requirement of the Illinois Open Meetings Act, 5 ILCS 120/1 et seq. All

sessions of the hearing will be closed to all persons other than the Arbitrator; representatives of the parties; the Chief; City Council; Mayor and Clerk.

4. The parties agree that the following issues remain in dispute and that these issues are a mandatory subject of bargaining submitted for resolution to the Arbitrator. The parties agree that the following issues are economic within the meaning of Section 14(g) of the Illinois Public Labor Relations Act:

1. What increase in uniform allowance will be received by the bargaining unit?

How will uniforms be issued?¹

2. What increase in sick days will be received by the bargaining unit?²

3. What increase in number of holidays and holiday pay will be received by the bargaining unit?³

4. What increase in paid vacation will be received by the bargaining unit?

5. What increase in educational pay will be received by the bargaining unit?

6. What residency requirement will apply to the bargaining unit?⁴

7. What increase in longevity will be received by the bargaining unit?⁵

8. What increase in wages will be received by the bargaining unit during each year of the contract?

¹ By the end of the hearing, this issue was withdrawn by the parties.

² By the end of the hearing, this issue was withdrawn by the parties.

³ By the end of the hearing, only the rate of holiday pay was before the Arbitrator.

⁴ By the end of the hearing, this issue was withdrawn by the parties.

⁵ By the end of the hearing, this issue was withdrawn by the parties.

9. What will bargaining unit employees pay for dependent/family health insurance coverage?

10. When will the term of the contract expire?

11. What increase in comp time accrual will be received by the bargaining unit?⁶

5. The parties agree that the following exhibits and information shall be submitted by stipulation to the Arbitrator at the start of the hearing:

(A). The Collective Bargaining Agreement between City of Jerseyville and Police Benevolent Labor Council (Joint Exhibit 1);

(B). the tentative agreements.

(C). these Ground Rules and Pre-Hearing Stipulations of the parties (Joint Exhibit 2).

6. Final offers shall be exchanged at the start of the Arbitration hearing on November 30, 2000. The Union reserves the right to change its final offer during the course of the Hearing.

7. Each party shall be free to present its evidence in either the narrative or witness format. The Union shall proceed first with its case-in-chief. The City shall then proceed with its case-in-chief. Each party shall have the right to present rebuttal evidence.

8. The Arbitrator shall base findings and decision upon the applicable factors set forth in Section 14(h) of the Illinois Public Labor Relations Act. The Arbitrator shall issue the award within thirty (30) days after the hearing or any agreed upon extension requested by the Arbitrator.

9. Nothing contained herein shall be construed to prevent negotiations and settlement of the terms of the contract at any time, including prior, during or subsequent to these arbitration

proceedings.

10. Except as modified herein, the provisions of the Illinois Public Labor Relations Act and the rules and regulations of the Illinois State Labor Relations Board shall govern these arbitration proceedings.

11. The parties represent and warrant to each other that the undersigned representatives are authorized to execute on behalf of and bind the respective parties they represent.

CITY OF JERSEYVILLE

POLICE BENEVOLENT LABOR COUNCIL

/s/ Jack Knuppel

/s/ B. Jay Dowling

J.A.C. Knuppel
Chief Labor Council

B. Jay Dowling

Date: Nov. 30, 2000

Date: Nov. 30, 2000

II. Comparable Jurisdictions

II(A). The Union’s Comparable Jurisdictions: The Union offers Bethlato, Carlinville, East Alton, Greenville, Highland, Litchfield, Mascoutah, O’Fallon, Roxana, Troy, Wood River, Glen Carbon, and Sparta as comparables.⁷ It justifies these cities in light of equalized assessed valuations, property tax extensions and sales tax receipts.

The Union disagrees with the City concerning the use of an internal employment group as comparable unit. The Union notes that “Section 14(b) does not provide for ‘internal

⁶ By the end of the hearing, this issue was withdrawn by the parties.

⁷ Union Brief at 8-9.

comparability.”⁸ In any event, the only other union-represented department [represented by AFSCME] cannot serve as a comparable unit. Although these public works employees appeared to accept the same insurance proposal offered to the Union here, the evidence shows that this was only in the form of a tentative agreement. Thus, the “City, by relying on upon the alleged AFSCME Union agreement, is attempting to mislead the arbitrator.”⁹ PBLC also contends that internal comparability is a moot point since the Mayor testified that City employees would “be provided with the same benefits awarded by the arbitrator to police officers and dispatchers.”¹⁰

The Union challenges the City’s comparison to Caseyville, Festus, Hillsboro, and Madison. First, the City has offered no evidence concerning the EAVs, property tax extensions, and sales tax receipts for these jurisdictions. Festus should not be a comparable because it is in Missouri, a state that has no public sector collective bargaining.

II(B). The City’s Comparable Jurisdictions: The City developed its list of 16 comparable jurisdictions to reflect Jerseyville’s unique mix of urban and rural characteristics. Stating that it takes “great pride in being compared to larger more prosperous cities,”¹¹ Jerseyville offered six “large urban” jurisdictions as comparables: O’Fallon, Wood River, Bethalto, Glen Carbon, Highland, and Troy. It grouped another five municipalities in the category of “traditional comparables”: Caseyville, Hillsboro, Mascoutah, Roxana, and East Alton. In a third category denoted as “most favorable comparables,” Jerseyville listed Litchfield, Greenville, Carlinville,

⁸ *Id.* at 9.

⁹ *Id.* at 10.

¹⁰ *Id.*

¹¹ City Brief at 4.

Madison, and Sparta.

Jerseyville also believes that an internal employment group, the public works employees represented by AFSCME, should be considered for purposes of comparability. Nevertheless, the City vehemently challenges the Union's contention that Jerseyville's elected officials should be included as a comparable employment group, noting: "The Union felt it necessary to call the Mayor during its case and a member of the City Council in its 'rebuttal.' Allegedly, this was to help show the Arbitrator that there are no internal comparables. In reality, this crusade amounted to nothing more than an attempt to embarrass the City in front of Union members."¹²

II(C). The Arbitrator's Adoption of Comparable Jurisdictions

Jerseyville's size and location make the determination of comparable jurisdictions difficult. Located approximately 42 miles north of St. Louis, the City sits on the fringe of the Metro-East area.

Putting aside facts and statistics, a drive to Jerseyville shows why it is hard to identify comparable cities. The drive north from Alton to Jerseyville on Illinois Route 267 provides evidence of advancing suburban sprawl, light industry, and mixed commercial development. This approach lends the impression that Jerseyville is a community transforming from a farm town to a St. Louis suburb.

The approach to Jerseyville from the east on Illinois Route 16 shows the City in a completely different light. Over a 38 mile stretch that runs from Litchfield into the City, one encounters open farm land, and a mix of undeveloped woodlands and watersheds. A handful of very small towns— Gillespie, Shipman, and Piasa— interrupt this solitary drive. If one only

approaches the City from this direction, Jerseyville appears to be a fairly large, traditional rural trading center, the kind one expects to encounter in central, southern, and western Illinois every 30-50 miles. This approach gives little or no indication that Jerseyville is connected to St. Louis and its metropolitan sprawl. The rural character of Jerseyville is also apparent in approaches from its north and west.

In short, Jerseyville has a dual character. It is partly a suburban Metro East city. It is also a rural county seat. To the credit of the Union and City, they agree on a large number of jurisdictions that are drawn from rural communities to the east and southeast, and others that are drawn from nearby suburbs. I therefore adopt as external comparables cities upon which the parties agree: Bethalto, Carlinville, East Alton, Greenville, Highland, Litchfield, Mascoutah, O'Fallon, Troy, and Wood River.

Table 1 and the two charts that accompany it below [see pp. 12-13] demonstrate my rationale for choosing these comparables. With the exception of O'Fallon, city populations range from about 5,500 to about 11,500. Jerseyville is situated near the middle of this range at about 7,500. Equalized assessed valuations run from a low about \$30 million to a high of about \$90 million. Again, Jerseyville is near the middle of this range at about \$53 million. The size of police and dispatch units in these cities range from 9 to 18. Jerseyville is near the middle at 13.

In adopting these cities, I would prefer to reject O'Fallon as a comparable jurisdiction. My inclination is based on key statistical measures. Its population of 18,519 is more than twice the size of Jerseyville.¹³ Its police department has 35 employees, almost three times as many as

¹² *Id.* at 5.

¹³ Union Exhibit 1, Population Tab.

Jerseyville.¹⁴ With a total EAV of \$177 million, its primary tax base is three times larger than Jerseyville's \$53 million.¹⁵

This information was presented to me, however, by both the Union and City. More than anyone, they know how Jerseyville compares to O'Fallon. Since it is clear that both sides carefully researched this jurisdiction and independently selected it, I adopt O'Fallon as a comparable.

In the same vein, I reject the handful of comparables offered by one party and disputed by the other. Since they agree on ten cities, and this number provides ample comparisons, there is little to be gained in analytical ability by adding more cities. Also, even though the comparables here are valid only for this arbitration, there are indications that the parties may want to use these comparables in subsequent negotiations.¹⁶ This aid in bargaining is more likely to be useful in the future if comparables consist only of cities that are accepted by both parties.

Using this same reasoning, I decline to adopt any internal comparison group. At best, inclusion of such a group would add only one more data point to the ten comparisons that engendered agreement. The net improvement in comparative analysis would therefore be slight. For many issues, adding this comparison group would be pointless since these employees are not police officers, and therefore, compete in a completely different labor market. To illustrate, some of the impasse issues here— for example, educational pay— simply are not relevant for public works

¹⁴ *Id.*

¹⁵ Union Exhibit 1, Equalized Assessed Valuation Tab.

¹⁶ See City Brief at 2, noting that “it is crucial that the Arbitrator establish a valid set of comparable jurisdictions for the parties to refer to in the future.”

employees.¹⁷

My exclusion of any internal reference group is also based on the unusually harsh and dysfunctional bargaining behavior that I observed in both the mediation and formal hearing phases in this matter. To illustrate, during a tense moment in the hearing the Union pushed ahead with a highly speculative line of questioning which resulted in the Mayor testifying that if the City lost on its insurance proposal here, he would adjust the City's labor agreement with its public works employees.

Q. Okay. Are you aware of any conversations with AFSCME or any of the other unions or employees in the City of Jerseyville wherein you have agreed to provide them health insurance on the same basis as is being— as would be provided to the police department depending on the arbitrator's decision?

A. We have agreed to be fair with them, which means yes.

Q. Okay. And that means if the arbitrator decides that these police officers are not obligated to pay health insurance, then you're going to make sure that no employee pays health insurance?

A. I think that would only be fair.¹⁸

Regardless of my disposition of health insurance or any other issue in this arbitration, I cannot stop the City from renegotiating an existing labor agreement with AFSCME or any other employment group. Nevertheless, my adoption of the AFSCME group as an internal comparable

¹⁷ I note that the Union also represents dispatchers and is negotiating in their behalf. The fact remains, however, that the bargaining unit is mostly comprised of police officers.

¹⁸ T. 28-29.

would add more impetus to renegotiation than might otherwise be the case. I refuse to promote this form of labor-management instability, especially when the gain in analytical ability for this arbitration by including this employment group is so small.

Discussion of the AFSCME group at this arbitration also resulted in the Union seeking to compare itself to Jerseyville's mayor and council members. I cannot accept the Union's implicit suggestion that these individuals are employees of the City. Since these are elected officials, the fact that they are compensated and receive health insurance does not make them public employees under the IPLRA. To the contrary, they are supervisors and managers under the Act, so this comparison is completely amiss. In fact, the Union never formally offered elected officials as a comparable group. Nevertheless, the Union engaged in lengthy examinations of the Mayor and a Commissioner after calling them as adverse witnesses.

I cannot tell whether the Union meant to demonstrate that the City's offer on health insurance is hypocritical, or whether the Union meant to embarrass these part-time officials. In any event, I found this particular comparison not only irrelevant under the IPLRA, but also an unnecessary irritant in the parties' bargaining relationship.

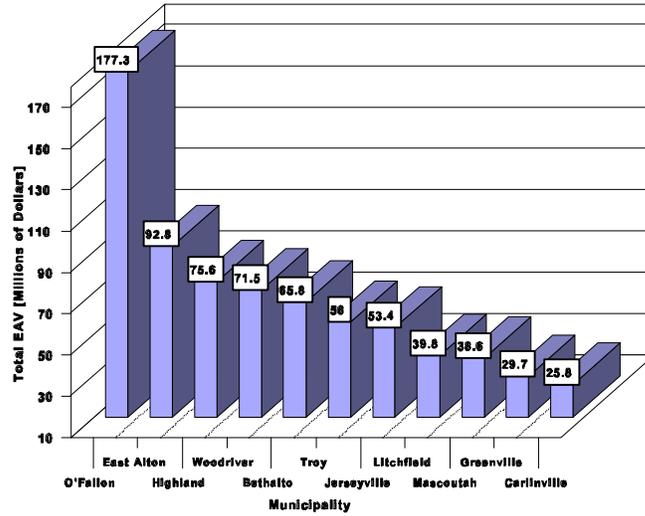
The comparable jurisdictions I adopt appear in Table 1 and the accompanying charts [see immediately below].

Table 1: Ten Municipalities Adopted as Comparable Jurisdictions

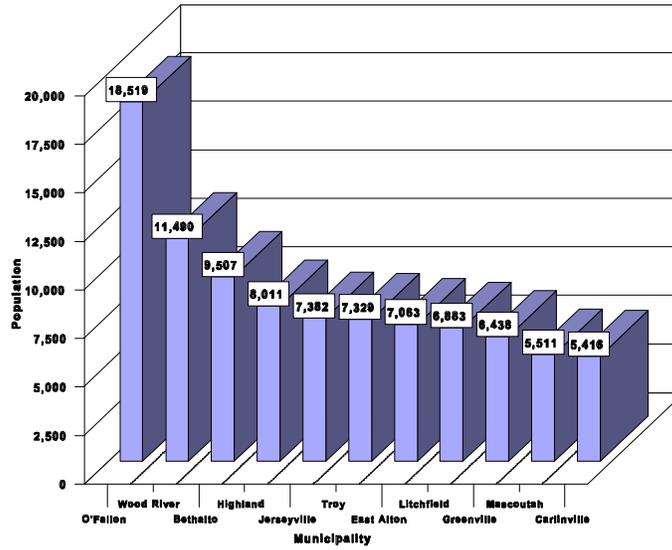
City (Population)	Total EAV/ Total Extension/ Sales Tax			Home Value/ Income		Dep't Size	Miles from Jerseyville ¹⁹	
	[Municipal Share]			[Per Capita]				
Bethalto (9,507)	\$65,830,610/	\$824,989/	\$623,885	\$52,000	\$32,017	14	25.4 Miles	
Carlinville (5,416)	\$25,845,975/	\$465,741/	\$806,973	\$38,700	\$21,742	11	34.6 Miles	
East Alton (7,063)	\$92,795,897/	\$1,286,615/	\$835,708	\$38,000	\$20,949	13	22.3 Miles	
Greenville (6,438)	\$29,657,035/	\$394,439/	\$740,352	\$43,200	\$21,124	9	59.3 Miles	
Highland (8,011)	\$75,627,751/	\$1,485,557/	\$1,596,506	\$61,600	\$32,009	18	50.6 Miles	
Litchfield (6,883)	\$39,767,495/	\$560,153/	\$1,622,161	\$37,200	\$20,879	14	38.5 Miles	
Mascoutah (5,511)	\$38,556,027/	\$422,077/	\$356,971	\$63,000	\$30,924	12	64.6 Miles	
O'Fallon (18,519)	\$177,323,426/	\$1,803,649/	\$4,377,246	\$77,300	\$36,041	35	53.7 Miles	
Troy (7,329)	\$56,039,030/	\$303,451/	\$889,420	\$69,900	\$33,367	15	42.8 Miles	
Wood River (11,490)	\$71,497,171/	\$1,053,029/	\$1,823,121	\$42,600	\$26,317	18	24.3 Miles	
Jerseyville (7,382)	\$53,402,146/	\$699,994/	\$1,630,564	\$42,300	\$20,718	13	41.6 Miles	
	[Rank 5]	[Rank 7]/	[Rank 6]/	[Rank 3]	[Rank 8]	[Rank 11]	[Rank 7]	[Mean]

¹⁹ To determine mileage, I used data from Mapquest's Internet site at <www.mapquest.com>.

Total EAV of Jerseyville and Comparable Jurisdictions



Population of Jerseyville and Comparable Jurisdictions



III(A). The Union's Final Offer for Duration of the Agreement: The Union proposes a three year term for the CBA [July 1, 2000 - June 30, 2003]. Pointing to language in Section 9(h) of the IPLRA that states that “[n]o collective bargaining agreement bars an election upon the petition of persons not parties thereto where more than 3 years have elapsed since the effective date of the agreement,” the Union concludes “the Act has essentially recognized three years as an appropriate length of time for the duration of a Collective Bargaining Agreement.”²⁰

In the alternative, comparable jurisdictions support the Union's final offer. The Union contends that there is inadequate support in the comparables for a four year contract term.

III(B). The City's Final Offer for Duration of the Agreement:

The City notes that the Union's reliance on Section 9(h) of the IPLRA is based on pure speculation that another union would attempt to raid this bargaining unit in the fourth year of a CBA.²¹

The main justification for a four-year term is the expiration date of CBAs in comparable jurisdictions. The City identifies ten comparable cities in which expiration dates are likely to occur in early 2004. Apart from this, the City observes that by the time this arbitration is concluded, almost a year will have elapsed since the last CBA expired. It notes: “Under a three year contract the parties would have to bargain again in just two years.”²²

²⁰ Union Brief at 18.

²¹ City Brief at 9.

²² *Id.*

III(C). The Arbitrator Adopts the Union's Final Offer for Duration of the

Agreement:

Each party advances certain unconvincing arguments in support of their final offers. The City is simply guessing as to the likely expiration dates of its comparables. While there is some likelihood that the City is correct, there is no basis in the IPLRA for an arbitrator to base comparable assessments on expected or future bargaining outcomes.

The City's brief also omits its main reason for a four-year proposal. To improve the odds of bargaining a settlement, the City made the first year of its health insurance offer cost-free to employees. By the City's logic, this would soften the economic and psychological impact of a major change in this key benefit. At the same time, if the Union agreed to the City's escalating scale of employee contributions to health insurance, the City would improve its ability to shift increases in its health-insurance costs to bargaining unit members in the long term. This line of reasoning appears to make good sense for bargaining and mediation, since it has the virtue of implementing change gradually. Nevertheless, this logic encounters difficulty under Section 14(h) of the IPLRA, unless other unions and employers have similar phase-in contract terms.

The Union offers a justification for a three-year contract that is also off the mark when it relies upon Section 9 of the IPLRA. This argument reads Section 9 out of its appropriate context. Section 9 is completely separated from Section 14 because it regulates the union election process. It has no direct connection, however, to the arbitration provisions under Section 14. In providing that "[n]o collective bargaining agreement bars an election upon the petition of persons not parties thereto where more than 3 years have elapsed since the effective date of the agreement," the Illinois General Assembly did not prohibit unions and public employers from entering longer

agreements, as the Union implied at the hearing. Nor did the General Assembly “recognize[] three years as an appropriate length of time for the duration of a Collective Bargaining Agreement.”²³

Section 9 provides a three year benchmark to prevent a union from entrenching itself against challenges from competing unions.²⁴ Thus, a four year labor agreement is not precluded by law. While the Union does not explicitly make that argument, it clearly seeks to create this impression.

Having rejected these arguments, I now analyze the parties’ offers for contract duration with labor agreements in comparable cities. Since all but one of the cities have three year terms for their CBAs with similar employment units, I adopt the Union’s final offer [see immediately below].

²³ Union Brief at 18.

²⁴ A leading labor law treatise states this principle as follows: “Ordinarily, contracts that constitute a bar to an election will cease to do so upon their termination. . . . [A] contract for a fixed term will not be considered to bar a rival petition after the elapse of three years.” Archibald Cox et al., *LABOR LAW: CASES AND MATERIALS* (12TH ed., 1996), at 268-269.

Table 2: Duration and Expiration of Comparable CBAs

<u>Jurisdiction</u>	<u>Dates</u>	<u>Length of CBA</u>
Bethalto ²⁵	5/1/97 - 4/30/00	3 Years
Carlinsville Dispatch ²⁶	5/1/98 - 4/30/00	2 Years
Carlinsville Police ²⁷	5/1/00 - 4/30/02	2 Years
East Alton ²⁸	5/1/97 - 4/30/00	3 Years
Greenville ²⁹	10/1/98 - 9/30/01	3 Years
Litchfield ³⁰	5/1/00 - 4/30/03	3 Years
Mascoutah ³¹	5/1/00 - 4/30/03	3 Years
O'Fallon ³²	5/1/98 - 4/30/01	3 Years
Wood River ³³	5/1/99 - 4/30/02	3 Years

* Since Highland has no CBA with its police and dispatch employees, it is excluded from this analysis. At the time of this arbitration, Troy was in negotiations for its first CBA. Therefore, it is also excluded from this analysis.

²⁵ See *Village of Bethalto and United Steelworkers of America*, Art. XXVII.

²⁶ See *City of Carlinsville and Illinois FOP*, Article 29.

²⁷ See *City of Carlinsville and Illinois FOP*, Article 33.

²⁸ See *East Alton and United Steelworkers of America*, Art. XXXI.

²⁹ See *City of Greenville and Southern Illinois Laborers, Local Union No. 508*, Art. XXVI.

³⁰ See *City of Litchfield and Laborers Int'l Union, Local Union No. 1274*, Art. XXIV.

³¹ See *City of Mascoutah and Police Benevolent Labor Committee*, Art. XXVII.

³² *City of O'Fallon and Illinois Fraternal Order of Police, Local Lodge No. 198*, Art. XXVIII.

³³ See *Wood River and United Steelworkers of America*, Art. XXI.

IV(A). The Union's Final Offer for Health Insurance:

The Union's final proposal is to preserve the status quo. This would mean that the City would pay 100 percent of each employee's medical insurance for single and dependent coverage.

The Union also contends that since the IPLRA provides no explicit grounds for internal comparability, I cannot consider the health insurance plan of Jerseyville's public works employees.

The Union also believes that external comparables support its offer to preserve the status quo. Most of its comparables pay 100 percent of an employee's health insurance. Employees contribute to this benefit only in Highland and Mascoutah.³⁴

The Union's main argument is that the City's offer over time erodes pay raises earned by the bargaining unit. Thus, under the City's wage and dependent-coverage insurance proposal, a sergeant's *net* pay would increase only 2.85 percent in 2001, 2.215 percent in 2002, 2.5 percent in 2003, and 2.4 percent in 2004 once the employee insurance contribution is factored in a family plan.³⁵ The same plan for police officers and dispatch employees would result in similar decreases in net pay raises (for police, 3.1 percent in 2001, 2.4 percent in 2002, 2.65 percent in 2003, and 2.6 percent insurance in 2004; for dispatchers, 4.6 percent in 2001, 3.5 percent in 2002, 3.8 percent in 2003, and 3.7 percent in 2004; and for dispatch-clerical employees, 4.3 percent in 2001, 3.35 percent in 2002, 3.6 percent in 2003, and 3.47 percent insurance in 2004).³⁶

Under the City's wage and single-insurance proposal, a sergeant's *net* pay would increase

³⁴ Union Brief at 15.

³⁵ *Id.* at 12.

³⁶ *Id.* at 12-13.

only 2.85 percent in 2001, 2.5 percent in 2002, 2.8 percent in 2003, and 2.65 percent in 2004.³⁷

The same plan for police officers and dispatch employees would result in similar decreases in net pay raises (for police, 3.1 percent in 2001, 2.75 percent in 2002, 2.93 percent in 2003, and 2.85 percent insurance in 2004; for dispatchers, 4.6 percent in 2001, 3.95 percent in 2002, 4.25 percent in 2003, and 4.05 percent in 2004; and for dispatch-clerical employees, 4.3 percent in 2001, 3.72 percent in 2002, 4.0 percent in 2003, and 3.85 percent insurance in 2004).³⁸

The Union considers the U.S. Department of Labor, Bureau of Labor Statistics' annual Consumer Price Index as the main yardstick for measuring the sufficiency of the City's offer. Using the CPI Index for September 2000, the City's pay and insurance proposals are inadequate because they do not allow bargaining unit employees to keep pace with annual inflation of 3.4-3.5 percent.

Under the Union's wage and health insurance proposal, "the industry's standard which typically awards net economic increases equal to or in excess of the Consumer Price Index"³⁹ would be followed.

³⁷ *Id.* at 13.

³⁸ *Id.*

³⁹ *Id.* at 15.

IV(B). The City's Final Offer for Health Insurance:

The City supports its final offer, in part, by noting that a portion of its wage proposal is to ease some of the burden of employee contributions to health insurance. This is especially true concerning for its offer for dispatchers, for whom the need is most “compelling.”⁴⁰ The City bases its final offer on the fifty percent increase in health insurance expenses over the past three years. It notes that under its final offer, employees would not be required to pay any portion of this increase. Employees would be required contribute only to defray any further increases in these costs. In addition, this increases– if they occurred at all– would be phased in gradually and would be affordable.

IV(C). The Arbitrator Adopts the City's Final Offer for Health Insurance:

The impasse in the present arbitration hinges on this issue. Its importance to the parties cannot be overemphasized. Its significance is magnified by the fact that the City's proposal is a “break-through,” that is, a major change in the status quo.

With many issues in an interest arbitration, the arbitrator simply analyzes how final offers compare to terms and conditions in comparable jurisdictions. Indeed, with the present issue, my award is based on this kind of comparability analysis. However, as the parties' arguments show, health insurance is a complicated issue– certainly more complicated than rate of pay for holidays, vacation accrual, and education pay.

This is because several factors make health insurance a complex form of employee compensation. Employer provision of this benefit is so rooted in the minds of workers that it has grown to be expected as a matter of entitlement. It is no exaggeration to say that it exists as a

vital part of the implicit social contract that many employees perceive in the employment relationship.

Thus, any proposal to shift part of the cost of health insurance to employees triggers natural alarm. Moreover, employees realize that a small concession today could pave the way for much larger concessions in the future.

This reveals another complexity about health insurance. Recently, this was called a “fringe benefit.” The use of “fringe” connoted its relative unimportance in employee compensation. Insurance was viewed as an extra- or side-benefit.

Today, that adjective has dropped from common usage, and for good reason. Increasingly, health insurance has become a main benefit. In some work settings, it is so valued that it is *the* reason that employees remain in a particular job. The point is that millions of working Americans have no health insurance, and cost is a fundamental barrier to access to health care. Thus, even among employees who have health insurance, there is growing awareness that this benefit is threatened.

This background summarizes the likely state of mind for many employees concerning health insurance.

On the employer side, escalating cost is a shocking reality. Even as overall inflation has been tame, ranging from 2-3 percent over a prolonged period dating back to the late 1980s, health insurance costs have defied this trend. The result is all too familiar. Some employers drop health insurance altogether, or shift cost-increases to employees, or curtail benefits, or force employees into plans that sever long-standing patient-physician relationships, and so forth.

⁴⁰ City Brief at 7.

There is an added subtlety to health insurance. As the situation in Jerseyville illustrates, most insurance plans involved pooled risk with other employment groups. Thus, if a small employer experiences an unusually large expense— perhaps an expensive heart surgery or cancer treatment— the cost is spread throughout the much broader pool of insureds. In effect, healthy insureds pay for insureds who need treatment.

There is a subtle downside, however. Where that pool consists of a many employers, the overall risk factor is related to the characteristics of working people. In general, this has negative cost implications because the workforce has been in a long-term process of aging. Thus, the insured pool increasingly consists of older workers who, for a variety of well-documented reasons, are more likely than younger workers to utilize this benefit.

In view of this complex background, I cannot base my analysis on one factor. It is not enough to count the number of comparable cities that require employee contributions, or isolate for cost to the employer, or single-out overall employee compensation. I must examine all of these elements— in part, because they reflect the complexity of this benefit— and in part, because the IPLRA identifies them as factors in an arbitrator’s decision.⁴¹

⁴¹ Section 14(h) requires the arbitrator to base his or her findings on a series of factors. Subsection 3 allows the arbitrator to consider “the financial ability of the unit of government to meet those costs.” Subsection 4 allows for the “[c]omparison 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]n public employment in comparable communities.” Subsection 6 allows the arbitrator to consider “[t]he 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.

The Union contends that I should also consider developments that occurred during the

Accordingly, where, as here, an employer seeks a breakthrough on health insurance by proposing that employees begin to contribute toward the health insurance premium, the employer must carry the burden of proof with respect to the totality of these factors:

- First, the employer must show that among comparable employment groups, there is evidence that employees contribute to the health insurance premium.
- Second, the dollar-amount of employee contribution must be examined and compared to the dollar-amount of employee contributions in other employment groups.
- Third, the impact of health insurance costs on the employer's ability to pay must be considered. Here, evidence of cost trends should be considered carefully. Since most labor agreements have three year terms and many third-party health insurance contracts are of similar duration, it is unreasonable to compel an employer to prove inability to pay. To weight the scales under the IPLRA in this fashion would likely force the parties into a crisis mode at some future point. This could result in the more severe issue of whether an employer will provide particular health insurance benefits, or any health insurance, rather than the more modest but still important issue of whether employees will contribute to maintain their present plan. In any event, Section 14(h)(3) does not require proof of inability to pay. Instead, it allows the arbitrator to consider an employer's

pendency of this arbitration, specifically, that the Union saved the City money on its health insurance premiums during June and July, 2000 by agreeing to a switch in plan-providers. Since my appointment as arbitrator occurred after this period [my appointment began when a September 21, 2000 letter from The Executive Director of the ISLRB notified me of my appointment], I

“financial ability . . . to meet those costs.”

- Fourth, the dollar-amount of employee contribution should be considered in light of the employees’ overall compensation.

1. Turning to the first test, the evidence provides health insurance data for nine of the ten comparable cities. These data are summarized below in Table 3 [p. 26]. In six jurisdictions, employers pay 100 percent of employee insurance (Bethalto, Carlinville, East Alton, Greenville, Litchfield, and Wood River). In three jurisdictions, police and dispatch employees contribute to the insurance premium.

On its face, this distribution— six cities pay all of their employees’ health insurance premium, and three shift some of the expense to employees— favors the Union’s proposal. The matter is not ended there, however.

First, the City’s offer includes a one-year grace period during which the employer proposes to pay 100 percent of employee health insurance. Thus, for part of the time that the next CBA is in effect, the City’s offer brings its health insurance in line with the majority of jurisdictions.

Second, as Table 2 shows [see p. 17], labor agreements will be expiring by June 30, 2001 in Bethalto, Carlinville, East Alton, and O’Fallon. That date is significant because it marks the time when the City’s proposed health insurance grace period ends. The hard question is how many of these jurisdictions will have new labor agreements that involve employee contributions to health insurance. As I have stated elsewhere in this decision, there is no place under the IPLRA for an arbitrator to guess what terms will be included in future labor agreements.

cannot consider the Union’s argument.

By the same token, it would foolhardy to turn a blind eye to the overwhelming national trend in collective bargaining of increased employee contributions to their health insurance plans. A leading authority on these trends, *The Daily Labor Report* (published by Bureau of National Affairs, Washington, D.C.) reported during the pendency of this arbitration:

Very few bargaining-unit employees escape paying some portion of their health care expenses. Nearly all of the responding firms' current contracts (96 percent) require union workers to share health care costs through premium contributions, copayments, or deductibles, up from 93 percent in 1999 and 1998 and 87 percent in 1997. . . . Premium contributions, though very common, are somewhat less prevalent than other forms of health care cost sharing. About three out of four establishments' bargaining settlements (73 percent) impose some portion of health insurance premiums on union workers.

Employees in small bargaining units remain the most likely to bear some of their health care costs.⁴²

In sum, the evidence on comparable jurisdictions favors the Union. Standing alone, this factor does not carry Jerseyville's burden of proof to break through the status quo. Nevertheless, the evidence on this dimension favors the Union by only a small margin.

⁴² *Insurance Benefits*, DAILY LABOR REPORT (SPECIAL REPORT), December 28, 2000.

Table 3: Employee Contribution to Health Insurance in Comparable Jurisdictions ⁴³ Bethalto ⁴³ Carlinville Dispatch ⁴⁴ Carlinville Police ⁴⁵ East Alton ⁴⁶ Greenville ⁴⁷ Highland ⁴⁸ Litchfield ⁴⁹ Mascoutah ⁵⁰ O'Fallon ⁵¹ Wood River ⁵²		
Jurisdiction	Employee Contribution (Self)	Employee Contribution (Dependents)
Bethalto	0	0
Carlinville (Dispatch)	0	0
Carlinville (Police)	0	0
East Alton	0	0
Greenville	0	0
Highland	0	\$144/pay period
Litchfield	0	0
Mascoutah	\$50/Month	\$50/Month
O'Fallon		
Pre 1988 Hire	0	0
Post 1988 Hire	50% of Amount	50% of Amount
Wood River	0	0
City's Final Offer		
1 st Year CBA	0	0
2 nd Year CBA	15 cents/hour	20 cents/hour
3 rd Year CBA	30 cents/hour	40 cents/hour
Union's Final Offer	0	0

⁴³ See *Village of Bethalto and United Steelworkers of America*, Art. XXVI.

⁴⁴ See *City of Carlinville and Illinois FOP*, Article 26.

⁴⁵ See *City of Carlinville and Illinois FOP*, Article 28.

⁴⁶ See *East Alton and United Steelworkers of America*, Art. XXVIII.

⁴⁷ See *City of Greenville and Southern Illinois Laborers, Local Union No. 508*, Art. XXI.

⁴⁸ See Union Ex. 1, Tabs for Sergeant, Patrol, and Dispatch Health Insurance.

⁴⁹ See *City of Litchfield and Laborers Int'l Union, Local Union No. 1274*, Art. XVI.

⁵⁰ See *City of Mascoutah and Police Benevolent Labor Committee*, Art. XXVIII.

⁵¹ *City of O'Fallon and Illinois Fraternal Order of Police, Local Lodge No. 198*, Art. XXIII.

⁵² See *Wood River and United Steelworkers of America*, Art. XXIII.

2. The evidence on the amount of employee contribution in Jerseyville's final offer compares favorably with other jurisdictions.

At the outset, I note that in light of my adoption of the Union's proposal for a three year agreement, the City's proposal for employee contribution in the fourth year is made moot. Thus, Jerseyville's final offer for the first year of the CBA is zero employee contribution for individual and dependent plans; for the second year, 15 cents per hour contribution for a single plan and 20 cents per hour for dependent plans; and for the third year, 30 cents per hour contribution for a single plan and 40 cents per hour for dependent plans.

I also note the following difficulties in making a comparison of Jerseyville's final offer to Highland, Mascoutah, and O'Fallon. The record evidence shows that Highland deducts \$144 per pay period for employees who have dependent coverage, but fails to indicate how many pay periods occur in a year. Without this information, no meaningful comparison can be made.

Accordingly, I called the City of Highland to find out this information. On January 18, 2001, I spoke to Highland's Director of Personnel. She verified that the employee contribution is \$144 and is made in 24 pay periods each year. She also stated that no premium is paid for 2-3 pay periods each year, depending on the calendar. In any event, police employees in Highland pay nothing for single coverage and \$ 3,456 annually for dependent coverage.

I encountered a similar problem for O'Fallon. The record evidence shows that O'Fallon requires employees hired after 1988 to pay 50 percent of the premium for single and dependent coverage. However, without knowing what the premium is, the 50 percent figure is useless.

Therefore, I called the City Administrator of O'Fallon, Craig Owens, to determine what

dollar amount police and dispatch employees contributed to their health insurance [January 18, 2001]. His office referred me to the Assistant Director of Finance, who administers the health insurance plan.

I note here that the information she provided does not agree with the record evidence in this arbitration. She stated that all police and dispatch employees contribute to health insurance regardless of date of hire. She also stated that this is true for single and family coverage. I make clear that I cannot use this information because it is not in the record.

The one useful piece of information that I incorporate in my analysis is her assertion that these dollar amounts are capped at \$100 per month, and are contributed by employees twelve months in every year. Thus, for purposes of this arbitration, I use the record evidence and, in the blank indicated by 50 percent of an unknown premium amount, I use \$1,200 as an annual figure.

Table 4 [see p. 30] summarizes these data. Examining single coverage for the period July 1, 2000 - June 30, 2001, the analysis is straightforward. The amount of employee contribution for Jerseyville is zero and is the lowest of the group that includes the comparable jurisdictions.

For the period July 1, 2001 - June 30, 2002, the analysis is more involved but results in the same conclusion. For single coverage, Jerseyville is not the lowest, since Highland requires no employee contribution. Employees hired after 1988 by O'Fallon pay much more per year, \$1,200, while employees hired before 1988 pay nothing. Jerseyville's offer is essentially between those figures, but obviously toward the low side of employee contribution. Jerseyville's offer is also about half the \$600 contributed annually by police employees in Mascoutah.

The analysis for the period July 1, 2002 - June 30, 2003 is essentially the same. For purposes of this analysis, I assume Highland requires no employee contribution. The figures for

O'Fallon and Mascoutah are also assumed to remain constant. The result is that the employee contribution for Jerseyville is \$624 more than for Highland, only \$24 more than for Mascoutah, and \$368 less than for post-1988 hires in O'Fallon and \$832 more than pre-1988 hires.

In sum, looking at all the evidence for single coverage, Jerseyville's final offer is consistent with comparable jurisdictions.

Considering dependent coverage, the analysis yields the same result. For the period July 1, 2000 - June 30, 2001, employee contribution for Jerseyville is zero. The only group of employees who can match that are police employees hired before 1988 in O'Fallon. The figure for Mascoutah is \$600 higher, and for more recent hires in O'Fallon is \$1,200. At \$3,456, the figure for Highland obviously is much more. Moving to the final year in the Jerseyville's offer— when employee contribution is greatest— Highland's plan remains much more expensive than Jerseyville [\$3,456 compared to \$832]. However, Jerseyville's offer is more expensive to employees than Mascoutah [\$832 compared to \$600]. The comparison with O'Fallon is mixed: Jerseyville's offer is \$832 more expensive than for pre-1988 hires and \$368 less than for post-1988 hires.

The evidence for dependent coverage shows that Jerseyville's final offer is consistent with comparable jurisdictions.

In view of the foregoing analysis, the City has met its burden of proof on the second factor.

Table 4: Comparison of Amount of Employee Contribution to Health Insurance Highland⁵³ Mascoutah⁵⁴ O'Fallon⁵⁵ and Jerseyville Final Offer		
Jurisdiction	Annualized Amounts of Employee Contribution	
	Employee Contribution (Self)	Employee Contribution (Dependents)
<u>July 1, 2000- June 30, 2001</u>		
Highland	0	\$ 3,456
Mascoutah	\$ 600	\$ 600
O'Fallon		
Pre 1988 Hire	0	0
Post 1988 Hire	\$ 1,200	\$ 1,200
Jerseyville Final Offer	0	0
<u>July 1, 2001- June 30, 2002</u>		
Highland	0	\$ 3,456
Mascoutah	\$ 600	\$ 600
O'Fallon		
Pre 1988 Hire	0	0
Post 1988 Hire	\$ 1,200	\$ 1,200
Jerseyville Final Offer	\$ 312	\$ 416
<u>July 1, 2002- June 30, 2003</u>		
Highland	0	\$ 3,456
Mascoutah	\$ 600	\$ 600
O'Fallon		
Pre 1988 Hire	0	0
Post 1988 Hire	\$ 1,200	\$ 1,200
Jerseyville Final Offer	\$ 624	\$ 832

⁵³ See Union Ex. 1, Tabs for Sergeant, Patrol, and Dispatch Health Insurance. Because the data presented by the parties is vague, I called the City of Highland to determine how many pay periods in a year police officers with family plans contributed to the premium [January 18, 2001]. Highland's Director of Personnel verified that this amount is \$144 and is made in 24 pay periods each year. She also said that no premium is paid for 2-3 pay periods each year.

⁵⁴ See *City of Mascoutah and Police Benevolent Labor Committee*, Art. XXVIII.

⁵⁵ *City of O'Fallon and Illinois Fraternal Order of Police, Local Lodge No. 198*, Art. XXIII. Because the data presented by the parties is vague, I called the City Administrator of O'Fallon, Craig Owens, to determine what dollar amount police and dispatch employees contributed to their health insurance [January 18, 2001]. His office referred me to the assistant Director of Finance, who administers the health insurance plan. She stated that all bargaining unit employees— regardless of date of hire— now pay toward health insurance, but only for dependent plans. This amount is capped at \$1,200 a year. Employees who have only coverage for themselves do not contribute to the plan.

3. I now consider evidence concerning the impact of health insurance costs on the employer's ability to pay. This evidence is fairly thin. The sum and substance of this evidence is reflected in the City's assertion that its health insurance costs rose 50 percent over the last three years.⁵⁶ The record has no evidence that directly supports this assertion. Union Exhibit 2, however, shows a memo under City Commissioner Susnig's signature. Since it bears the handwritten heading "Mayor/Councilmen," it appears to be a memo that was prepared for the City's elected officials.

This document shows that the monthly premium paid by the City for employee health insurance beginning on July 1, 1996 was \$127.20 for single coverage and \$375.66 for family coverage. By June 30, 2000, these rates were, respectively, \$206.14 and \$594.68. After changing insurance carriers in the summer of 2000, these rates were adjusted to \$212.79 and \$615.50.

Although this evidence is thin, it is also uncontradicted. Moreover, it strongly supports the City's general contention that it needs to shift some of these rising costs to employees, if current benefit levels are to be maintained. The figure that puts this situation most clearly into perspective is the City's annual expense for health insurance. For single coverage this annual amount per employee has risen from \$1,526 in 1996 to \$2,473 in 2000, and for family coverage, has skyrocketed from \$4,507 to \$7,386.

I therefore conclude that the City has met its burden in proving the potentially harmful impact of health insurance costs on its long-term ability to pay.

4. In considering employee health insurance contributions in light of overall compensation, I face two sharply conflicting views from the Union and City.

⁵⁶ T. 80.

The Union vigorously contends that its offer is superior because “the City wage and insurance offer fails to meet the mutually agreed standard of living of 3.4% to 3.5% for a majority of the employees in the police and dispatch unit.”⁵⁷ The Union continues: “It should also be noted that the Union’s offer follows the industry’s standard which typically awards net economic increases equal to or in excess of the Consumer Price Index.”⁵⁸

This conception of final offer arbitration under the IPLRA is flawed. When Section 14(h)(5) states that the arbitration panel shall base its findings on “[t]he average consumer prices for goods and services, commonly known as the cost of living” it does not mean that employees are legally entitled to awards that provide *net* pay raises at or above the CPI. Moreover, the Union’s contention isolates costs-of-living from all others listed in Section 14(h), including those that account for an employer’s financial ability. In so many words, this argument means that the arbitrator should ignore compensation in comparable employment groups, the government unit’s ability to pay, and all other factors. Clearly, the IPLRA is not so one-dimensional.

The Union fails to cite a single interest arbitration award that adopted a “net pay” theory. In addition, while this concept is simple in theory, it selectively ignores key parts of the CBA that are designed to improve an employee’s standard of living over and above inflation [e.g., longevity pay and promotions].

Putting this matter aside, if one seriously considers the Union’s CPI theory, there remains the puzzling question of which CPI figure to use. The Union bases its revised final offer on CPI data from November 2000, showing that consumer prices rose in *urban* communities 3.4 percent

⁵⁷ Union Brief at 15.

⁵⁸ *Id.*

since October 1999 [emphasis added]. Using this single measurement of inflation for urban communities, the Union extrapolates from this to say that the national urban rate is valid for Jerseyville, and the November 2000 measurement of this rate is such a certain guide for inflation that Jerseyville employees should receive net pay raises at or above this level for the next three years.

Yet, during the pendency of this arbitration, the national economy showed marked signs of weakness. Inflation dropped significantly. Underscoring this weakness– and the diminishing threat of inflation– the Federal Reserve Board cut a key interest rate by an unusual half-percentage point in January 2001. The December 2000 CPI increased by only 0.1%, yielding a 1.2% annual rate of inflation.⁵⁹

It would make no more sense to base an award on this more current measure of inflation than to use Union Exhibit 1. Certainly, cost of living is allowed as a factor under the IPLRA, and an arbitrator will often use this as a general guide in a selecting final offer. Nevertheless, there is no basis for using it as the rigid guide or strict formula suggested by the Union.

The City supports its final offer, in part, by noting that a portion of its wage proposal is to ease some of the burden of employee contributions to health insurance. This is especially true for its offer to dispatchers, for whom the need is most “compelling.”⁶⁰

In my judgment, the City’s view of this factor is more persuasive. Although there is no

⁵⁹ E.S. Browning, *Stocks Fritter Away Early Surge– Earnings, Economy Continue as Concerns*, THE WALL STREET JOURNAL (Jan. 18, 2001), at C1 [“the consumer-price index for December, which was released before the start of regular trading and which, when food and energy were excluded, was up just 0.1%, less than expected.”]

⁶⁰ City Brief at 7.

question that the City's insurance proposal amounts to a "take-back" or concession, its magnitude is limited.

These increases are only contingent. The City might have proposed these employee contributions unconditionally. Instead, the City's offer is based on the condition that the monthly premium from the insurance carrier increases during the CBA. Given current cost trends, this seems likely to occur, but this increase is not a foregone conclusion. If the more unlikely scenario occurs— even for just one year— the City's "boosted" wage offer is unconditional and would have even greater moderating effect on defraying employee insurance contributions.

In addition, regardless of whether I adopt the Union or City wage offer, both provide for escalating increments in hourly pay raises. Even the smaller offer raises the hourly rate of pay by 60 cents in the second year and 65 cents in the third year of the agreement— an improvement over the first year increase.

Thus, there is modest evidence to support the City's contention that part of its pay offer is intended to offset employee contributions to health insurance.

Summarizing the evidence in this multi-factor test, the City fails by a slight margin to carry its burden of proof in showing that comparable jurisdictions require employees to contribute to their health insurance premiums. Second, the amount of employee contribution in Jerseyville's final offer correlates favorably with comparables, and in fact, places it toward the low end of the employee-contribution scale. The City therefore prevails on this factor. Third, evidence clearly shows that health insurance costs are rising at an alarming rate. These increases have serious and concrete implications for the City's ability to provide the same coverage. The City clearly prevails on this factor. Fourth, the overall compensation of employees is not threatened by the City's

health insurance offer. Cost shifting is limited and is conditioned on future increases in the City's health insurance bills. Meanwhile, there is no proof that employees will experience a decline in living standards because of this contract term, since both the City's and Union's final offer on wages help employees pay for this new cost.

For the foregoing reasons, I adopt the City's final offer for health insurance.

V(A). The Union's Final Offer for Wages

The Union's final offer is for a pay increase of 62 cents per hour for the period July 1, 2000 through June 30, 2001, 65 cents per hour for the period July 1, 2001 through June 30, 2002, and 65 cents per hour for the period July 1, 2002 through June 30, 2003. Its rationale for this offer is tied to the health insurance issue. It contends that employee contributions to health insurance plans will erode pay raises earned by the bargaining unit. To illustrate, in the City's wage and dependent-coverage insurance proposal, a sergeant's net pay increases only 2.85 percent in 2001, 2.215 percent in 2002, 2.5 percent in 2003, and 2.4 percent in 2004 once the employee insurance contribution is factored in a family plan.⁶¹ The same plan for police officers and dispatch employees results in similar decreases in net pay raises (for police, 3.1 percent in 2001, 2.4 percent in 2002, 2.65 percent in 2003, and 2.6 percent insurance in 2004; for dispatchers, 4.6 percent in 2001, 3.5 percent in 2002, 3.8 percent in 2003, and 3.7 percent in 2004; and for dispatch-clerical employees, 4.3 percent in 2001, 3.35 percent in 2002, 3.6 percent in 2003, and 3.47 percent insurance in 2004).⁶²

⁶¹ Union Brief at 12.

⁶² *Id.* at 12-13.

V(B). The City's Final Offer for Wages

The City final offer raises pay 50 cents per hour for the period July 1, 2000 through June 30, 2001; 60 cents per hour for the period July 1, 2001 through June 30, 2002; 65 cents per hour for the period July 1, 2002 through June 30, 2003; 65 cents per hour for the period July 1, 2003 through June 30, 2004. It believes this offer is competitive with pay rates in comparable cities, and is especially beneficial for dispatchers. The City also believes these increases will help employees pay a portion of health insurance premiums.

V(C). The Arbitrator Adopts the City's Final Offer for Wages:

My comparison of Union and City final offers on wages was limited by the fact that CBAs are expiring or will soon expire in Bethalto, East Alton, O'Fallon, and Greenville. In addition, there is no wage information for Troy and insufficient data about Highland to accurately standardize its hourly base rate to the same rates in union-represented communities. Nevertheless, this leaves a sufficient sample for comparing police wages. Two cities are rural [Litchfield and Carlinville], and two are suburban [Mascoutah and Wood River].

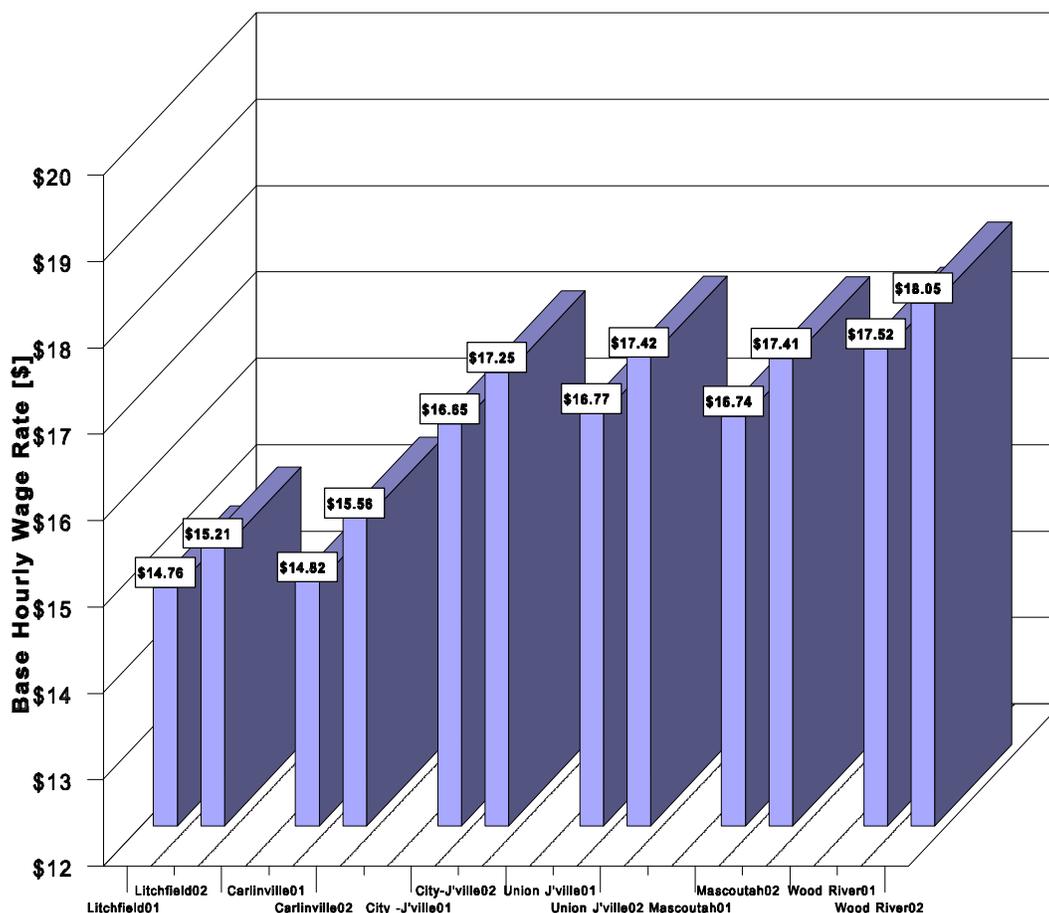
The chart below [p. 38] clearly shows that both wage offers are consistent with comparable police units. Each offer is above the rural departments and below the suburban departments. Looking strictly at this chart, there is no basis for choosing one offer over another.

I adopt the City's final wage offer because it is more fully supported by evidence adduced at the hearing. When the Union appeared at the hearing, I was surprised to hear that it was not going to present its final offer that day. After stating my reservations, I granted the Union's request to submit its final offer one week after the close of the hearing. While I could not find any express prohibition against the Union's request, I also noted that this practice was contrary to

convention and put the hearing on an uneven footing, since the City was prepared to present its final offers. One week later, the Union submitted its final offers.

If I were presented with the same Union offer on wages, and a City offer that clearly was

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not consistent with the comparables, I would adopt the Union’s final offer, even with my distaste for this approach. In this case both wage offers are reasonable, but only one was presented and explained at the hearing, and subjected to cross examination and rebuttal. Given the superior evidentiary basis behind the City’s final wage offer, I adopt it as part of the Award.

Pursuant to Stipulation No. 1 [see Part I above], this Award is retroactive to July 1, 2000.

VI(A): The Union's Final Offer for Educational Pay:

The Union proposes to expand educational pay so that all employees would receive it. The expired CBA provides that education pay is limited to employees who were hired before July 1, 1992. They receive annual pay of \$450 if they hold an associate degree, and \$900 for holding a bachelor's degree. The Union proposes that all employees receive this annual pay starting on the employee's third anniversary, as long as they meet this educational criterion.

VI(B): The City's Final Offer for Educational Pay:

The City proposes to maintain the status quo. It explained that an educational benefit was offered to encourage a cohort of employees to become more professional by acquiring higher education in a related field. The City reasons, however, that since most applicants and entry-level individuals already have attained these degrees, there is no longer need for this incentive.

VI(C): The Arbitrator Adopts the Union's Final Offer for Educational Pay:

I adopt the Union's offer. By a 5-4 margin, comparable jurisdictions offer some form of educational pay. These statistics support either side's final offer. In weighing this close distribution, I note that over time the status quo will put Jerseyville in the minority. As employees who were hired before July 1, 1992 retire or otherwise end their employment with the City, this contractual benefit will become a nullity in the bargaining unit. The long-term problem with this trend is that nearby suburban departments offer this pay. They are therefore likely to be more competitive in Jerseyville's relevant labor market. For this reason, I adopt the Union's final offer.

Table 5: Education Pay in Comparable Jurisdictions [Annual Payment]

Bethalto⁶³ Carlinville Police⁶⁴ East Alton⁶⁵ Greenville⁶⁶ Highland⁶⁷
Litchfield⁶⁸ Mascoutah⁶⁹ O'Fallon⁷⁰ Wood River⁷¹

<u>Jurisdiction</u>	<u>Educational Pay</u>
Bethalto	\$250 Associate Degree/ \$500 Law Enforcement Degree
Carlinville (Police)	None
East Alton	\$250 Associate Degree/ \$450 Bachelor's Degree
Greenville	None
Highland	None
Litchfield	None
Mascoutah	\$500 Associate Degree/ \$750 Bachelor's Degree
O'Fallon	\$1,400 Bachelor's Degree
Wood River	\$400 Associate Degree, Bachelor's Degree, Master's Degree
City's Offer	\$450 Associate Degree/ \$900 Bachelor's Degree Hire Before 7-1-92
Union's Offer	\$450 Associate Degree/ \$900 Bachelor's Degree All Employees After 3 rd Year

VII(A): The Union's Final Offer for Vacation Accrual:

The Union proposes to accelerate the schedule for accrual of vacation. Its final offer is that the CBA should provide two weeks of vacation after one year of employment; three weeks after five years; four weeks after ten years; and five weeks after fifteen years.

⁶³ See *Village of Bethalto and United Steelworkers of America*, Art. XIII.

⁶⁴ See *City of Carlinville and Illinois FOP*.

⁶⁵ See *East Alton and United Steelworkers of America*, Art. VIII.

⁶⁶ See *City of Greenville and Southern Illinois Laborers, Local Union No. 508*.

⁶⁷ Union Exhibit 1, Tab for Highland Summary Sheet.

⁶⁸ See *City of Litchfield and Laborers Int'l Union, Local Union No. 1274*.

⁶⁹ See *City of Mascoutah and Police Benevolent Labor Committee*, Art. VIII.

⁷⁰ *City of O'Fallon and Illinois Fraternal Order of Police, Local Lodge No. 198*, Art. XIX.

⁷¹ See *Wood River and United Steelworkers of America*, Art. XIII.

VII(B): The City's Final Offer for Vacation Accrual:

The City's final offer is to maintain the status quo. Thus, the CBA should provide two weeks of vacation after one year of employment; three weeks after five years; four weeks after fifteen years; and five weeks after twenty years.

VII(C): The Arbitrator Adopts the City's Final Offer for Vacation Accrual:

I adopt the City's final offer based on vacation accrual in comparable jurisdictions. The offers are most readily compared for employees with ten or more years of service. Currently, only Wood River provides four weeks of vacation for these employees. In other jurisdictions, employees must have more years of service before earning four weeks of vacation each year [Bethalto, East Alton, Mascoutah, twelve years; Litchfield, fourteen years; Highland, O'Fallon, fifteen years]. In some cities, no employees receive four weeks of annual vacation [Carlinville and Greenville]. The same pattern is evident for five weeks of vacation [Bethalto, Litchfield, O'Fallon, twenty years]. In five cities, no employees receive five weeks of annual vacation [Carlinville, East Alton, Greenville, Highland, and Mascoutah].

In sum, the City's final offer already places employees in a favorable position relative to employees in comparable jurisdictions on this benefit. In addition, the Union cites no other statutory basis to support its offer. I therefore adopt the City's final offer.

Table 7: Rate of Pay for Holidays in Comparable Jurisdictions
Bethalto⁷² Carlinville Police⁷³ East Alton⁷⁴ Greenville⁷⁵ Highland⁷⁶
Litchfield⁷⁷ Mascoutah⁷⁸ O'Fallon⁷⁹ Wood River⁸⁰

<u>Jurisdiction</u>	<u>Vacation Accrual</u>
Bethalto	1+ Year (1 Week); 2+ Years (2 Weeks); 5+ Years (3 Weeks); 12+ Years (4 Weeks); 20+ Years (5 Weeks)
Carlinville (Police)	1+ Year (2 Weeks); 10+ Years (3 Weeks); 15+ Years (3.4 Weeks)
East Alton	1+ Year (1 Week); 2+ Years (2 Weeks); 8+ Years (3 Weeks); 12+ Years (4 Weeks); 20+ Years (4.2 Weeks)
Greenville	1+ Year (1.2 Weeks); 2+ Years (2.4 Weeks); 5+ Years (3.6 Weeks)
Highland	1+ Year (1 Week); 3+ Years (2 Weeks); 10+ Years (3 Weeks); 15+ Years (4 Weeks)
Litchfield	1+ Year (1 Week); 2+ Years (2 Weeks); 7+ Years (3 Weeks); 14+ Years (4 Weeks); 20+ Years (5 Weeks)
Mascoutah	1+ Year (2 Weeks); 6+ Years (3 Weeks); 12+ Years (4 Weeks)
O'Fallon	1+ Year (2 Weeks); 8+ Years (3 Weeks); 15+ Years (4 Weeks); 20+ Years (5 Weeks)
Wood River	1+ Year (2 Weeks); 5+ Years (3 Weeks); 10+ Years (4 Weeks); 15+ Years (5 Weeks)
City's Offer	1+ Year (2 Weeks); 7+ Years (3 Weeks); 15+ Years (4 Weeks); 20+ Years (5 Weeks)
Union's Offer	1+ Year (2 Weeks); 5+ Years (3 Weeks); 10+ Years (4 Weeks); 15+ Years (5 Weeks)

VIII(A): The Union's Final Offer for Rate of Pay for Holidays:

The Union made conflicting final offers. At the hearing, it said that its final offer was that

⁷² See *Village of Bethalto and United Steelworkers of America*, Art. XI.

⁷³ See *City of Carlinville and Illinois FOP*, Article 19.

⁷⁴ See *East Alton and United Steelworkers of America*, Art. XX.

⁷⁵ See *City of Greenville and Southern Illinois Laborers, Local Union No. 508*, Art. XX.

⁷⁶ Union Exhibit 1, Tab for Highland Summary Sheet.

⁷⁷ See *City of Litchfield and Laborers Int'l Union, Local Union No. 1274*, Art. XIII.

⁷⁸ See *City of Mascoutah and Police Benevolent Labor Committee*, Art. IX.

⁷⁹ *City of O'Fallon and Illinois Fraternal Order of Police, Local Lodge No. 198*, Art. XXII.

⁸⁰ See *Wood River and United Steelworkers of America*, Art. XI.

employees be paid at the rate of “double time and a half rate” for all contractual holidays.⁸¹

However, in its December 7 transmittal of its final offer, the Union wrote:

d) Issue 4 – holidays – working holiday

The Policemen’s Benevolent Labor Committee proposes that all designated holidays be paid at holiday pay plus time and one half pay for all holidays worked.⁸²

In its brief, the Union repeated this offer: “The Union proposes that all holidays identified in the contract be paid at holiday pay plus time and one half.”⁸³

Since the final offer in the Union’s transmittal letter and brief would actually diminish this benefit relative to the status quo, I conclude that this is a mistake. I therefore rely upon the final offer that the Union communicated orally at the hearing.⁸⁴

VIII(B): The City’s Final Offer for Rate of Pay for Holidays:

The City’s final offer is to maintain the status quo. This means that all employees should continue receive pay for each contractual holiday, and employees who work on a holiday should be paid additionally at the time and a half rate. Under the expired CBA, the compensation rate is doubled for employees who work on Easter or Thanksgiving Friday.

VIII(C): The Arbitrator Adopts the City’s Final Offer for Rate of Pay for Holidays:

I adopt the City’s final offer because it is more consistent with the rate of pay for holidays in comparable cities [see Table 8, p. 45]. Six cities pay all employees for designated holidays, and

⁸¹ T. 9.

⁸² Union Final Offer Letter, December 7, 2000, at 2.

⁸³ Union Brief at 3.

⁸⁴ T. 9.

also pay employees who work a holiday an additional amount at the time and a half rate [Carlinville, East Alton, Greenville, Mascoutah, and O’Fallon] or straight-time rate [Litchfield]. Jerseyville pays more than these cities for holiday pay because, in addition to paying at the time and a half rate, it also pays at a double-time rate for Easter and Thanksgiving Friday.

<u>Table 8: Rate of Pay for Holidays in Comparable Jurisdictions</u>	
Bethalto⁸⁵ Carlinville Police⁸⁶ East Alton⁸⁷ Greenville⁸⁸ Highland⁸⁹ Litchfield⁹⁰ Mascoutah⁹¹ O’Fallon⁹² Wood River⁹³	
<u>Jurisdiction</u>	<u>Rate of Pay for Holidays</u>
Bethalto	Holiday Pay Plus 1½ Rate for 1st 12 Hours; 2½ Rate After 12 Hours
Carlinville (Police)	Holiday Pay Plus 1½ Rate
East Alton	Holiday Pay Plus 1½ Rate
Greenville	Holiday Pay Plus 1½ Rate
Highland	No Information
Litchfield	Holiday Pay Plus 1.0 Rate
Mascoutah	Holiday Pay Plus 1½ Rate
O’Fallon	Holiday Pay Plus 1½ Rate
Wood River	Holiday Pay Plus 1½ Rate for 1st 12 Hours; 2½ Rate After 8 Hours
City’s Offer	Holiday Pay Plus 1½ Rate; 2.0 Rate Easter and Thanksgiving Friday
Union’s Offer	Holiday Pay Plus 2½ Rate All Holidays

⁸⁵ See *Village of Bethalto and United Steelworkers of America*, Art. X.

⁸⁶ See *City of Carlinville and Illinois FOP*, Article 33.

⁸⁷ See *East Alton and United Steelworkers of America*, Art. X.

⁸⁸ See *City of Greenville and Southern Illinois Laborers, Local Union No. 508*, Art. X.

⁸⁹ Union Exhibit 1, Tab for Highland Summary Sheet.

⁹⁰ See *City of Litchfield and Laborers Int’l Union, Local Union No. 1274*, Art. XIV.

⁹¹ See *City of Mascoutah and Police Benevolent Labor Committee*, Art. X.

⁹² *City of O’Fallon and Illinois Fraternal Order of Police, Local Lodge No. 198*, Art. XX.

⁹³ See *Wood River and United Steelworkers of America*, Art. X.

IX. INTEREST ARBITRATION AWARD

Based on the record created at the arbitration hearing on November 30, 2000, conducted pursuant to the Illinois Public Labor Relations Act, and analyzing the evidence according to the applicable factors under Section 14(h) of the Illinois Public Labor Relations Act, I hereby adopt the following final offers and order that these terms be incorporated into a Collective Bargaining Agreement which shall replace the parties' expired Agreement:

1. I adopt the Union's final offer of a three-year term for the Collective Bargaining Agreement.
2. I adopt the City's final offer for health insurance.
3. I adopt the City's final offer for increases in the rates of hourly pay, and order that this raise be retroactive to July 1, 2001.
4. I adopt the Union's final offer for educational pay.
5. I adopt the City's final offer for vacation accrual.
6. I adopt the City's final offer for rate of pay for holidays.

Michael H. LeRoy
Arbitrator by Appointment of the Illinois State Labor Relations Board

This Award Entered Into
this **10th Day of February, 2001**,
in Champaign, Illinois.