

S-mp-02-057

ILRB

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STATE OF ILLINOIS
IN THE MATTER OF THE INTEREST ARBITRATION BETWEEN

WOODFORD COUNTY AND
WOODFORD COUNTY SHERIFF

AND

ILLINOIS FRATERNAL ORDER OF
POLICE LABOR COUNCIL

APPEARANCES:

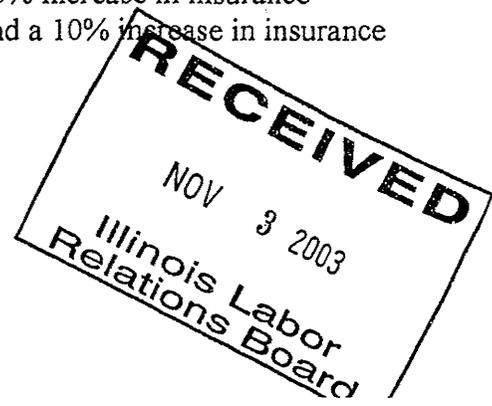
Gary Bailey on behalf of the Union
Keith Braskich on behalf of the Joint Employer

This is an interest arbitration award under Section 14 of the IL Public Labor Relations Act. Pursuant to Section 14 (c) of the Act, the parties selected the undersigned to serve as a single arbitrator in the matter, and pursuant thereto, a hearing in the matter was conducted on July 8, 2003, during the course of which the parties presented evidence and arguments in support of their respective positions. Briefs were filed thereafter and the record was closed on October 22, 2003. Based upon a review of the record the undersigned renders the following award based upon consideration of the factors set forth in Section 14 (h) of the Act:

The Joint Employers and Union are parties to a collective bargaining agreement with a term of 12/1/01 to 11/30/04. The Agreement contains a provision that reopens the issues of wages and insurance for the second and third years of the contract. This proceeding involves the issues of wages and insurance for the second year of the Contract (12/1/02 - 11/30/03)

The bargaining unit consists of road deputies and correctional officers, each classification having their own wage scale. Health insurance coverage and costs are the same for both classifications.

The Employers have proposed a 2% wage increase and a 20% increase in insurance premiums. The Union has proposed a 3% wage increase and a 10% increase in insurance premiums.



EXTERNAL COMPARABILITY

Employer Position:

The parties agree on three comparable counties: Livingston, Logan, and Bureau. The Employer disagrees that the Union's other proposed comparables are appropriate, either because they are not as similar as the agreed upon comparables (utilizing criteria used by interest arbitrators in Illinois) or because they are too geographically remote to be considered legitimate comparables (at least 75 miles from Eureka, the county seat of Woodford County)

Union Position:

External comparability does not favor one offer over the other. Deputies and corrections officers in Woodford County are sometimes above the average of the external comparables, and sometimes below the average. The final offers will not change that.

In addition to Livingston, Bureau, and Logan counties, additional appropriate external comparables include Fulton, Morgan, Lee, Christian, and McDonough counties. These counties have similar sized populations, they all are in central IL, and they have similar crime statistics.

The major difference between the Joint Employers and the external comparables is that Woodford County has a much higher per capita income and median home value than the comparables.

Arbitral precedent supports the proposition that the use of external comparables is more reliable when the number of comparables is not limited to just a few. (Citations omitted)

INTERNAL COMPARABLES

Employer Position:

There is one other recognized bargaining unit in the County, which includes the clerical workers in the Courthouse, the maintenance employees and the employees in the Highway Department. The last agreement for that unit expired on 11/31/02, but the Employer's final offer in that unit is the same as the final offer proposed herein.

The managers, supervisors and Department Heads of the County also received a 2% salary increase on 12/1/02 and insurance premiums for these individuals will increase the same amount as this unit.

Union Position:

Other county employees received wage increases of 4.5% and 4.5% in 2001 and 2002 while employees in this unit received wage increases of 3.5% and 3%. The Union's wage proposal represents an effort to make up at least part of this disparity. Granted, the employees in this dispute have a step pay plan that the other employees do not have, however, these employees have no step increases between 2 years of service and 13 years of service.

FISCAL CONDITION OF THE EMPLOYERS/INTEREST AND WELFARE OF THE PUBLIC

Employer Position:

The County is in a contracting revenue cycle, resulting in deficit budgets. As a result the County has frozen the salaries of a number of Department Heads, reduced per diem and mileage reimbursements of Board members, reduced Probation Officer salaries, reduced Child Care residential services, and reduced computer related expenses. Even with these reduced expenditures, the County will be operating at a deficit of \$310,892 this fiscal year.

The Union's belief that the County's contingency fund or cash reserves should be utilized to subsidize the additional costs is incorrect for a number of reasons. The fund will be needed to subsidize the shortfall in funding the self-insurance fund. In addition, \$57,000 has already been taken from the fund to pay unit salaries from the previous fiscal year.

The fund should not be used for appropriations for budgetary line items. Instead, it should be used to subsidize budget deficits, and as a bank to make payment on claims when the State has not made timely reimbursements to the County.

Union Position:

The Joint Employers are well funded and have the economic resources to afford the Union's final offers. The total monetary difference between the two offers is approximately \$10,000. The County's revenues are growing and its expenditures are under control (always less than budgeted). The County maintained a General Fund Ending Balance of \$3,000,000 in four of the past five years.

WAGES

Employer Position:

The majority of the unit has less than three years seniority at the time of the beginning of the contract year for which this arbitration proceeding will be establishing wages and insurance.

The cost of living index increased by 2.09% in the year preceding 12/02.

The Employers' wage proposal more closely matches, and indeed often exceeds the wages in comparable counties, particularly at the lower end of the seniority scales, where most of the employees in the unit are.

Union Position:

The total dollar difference between the two wage offers is \$8,620, which translates into an extra annual increase of \$292 for starting corrections officers and \$346 for deputies at top pay if the Union prevails.

The cost of living increase from 12/01 to 11/02 is 2.4%.

INSURANCE

Employer Position

Of the 29 employees in the unit, 16 participate in the County's health plan, and of those 16, nine have employee only coverage.

The County's health insurance plan is a hybrid self-funded and insured plan. The County self-insures the first \$20,000 worth of claims per year for each covered individual, and maintains a purchased policy against claims beyond \$20,000. The cost to the County for providing insurance is made up of two components: 1) an actuarial analysis of what money needs to be budgeted to fund the self-insurance and 2) the cost of the insurance premium.

Historically, the parties have negotiated agreements whereby the total monthly premium costs are split equally between the County and the employee, regardless of the type of coverage. Neither party seeks to change that arrangement in this arbitration. Thus, whether the premiums increase by 10 or 20%, the parties have agreed to share equally the costs.

The reinsurance premium for 2003 increased 17.5%. The actuarial analysis indicated that self-insurance costs would increase about 20%. Actual costs, so far, appear to be higher than that - 36%.

The County's combined wage and insurance proposal would result in the unit employees receiving more net pay than their contemporaries in other comparable counties.

The County's insurance proposal is also within the norm for the insurance industry.

It is also more beneficial than if the County participated in the State Local Governmental Health Plan.

Union Position:

The current premium rate is \$300 per month for employee only coverage. The employees split the cost 50/50. The difference between the offers is \$15 per month for each of the nine employees who have chosen employee only coverage, for a grand total of \$1620.

Reference to external comparables indicates that the deputies and corrections officers in Woodford County pay an inordinate amount for employee only health insurance coverage.

OVERALL COMPENSATION

Union Position:

The overall compensation received by unit employees is similar to that which law enforcement personnel in other sheriff's offices receive.

Employees will actually lose money if the Employers' wage and insurance offers are adopted, when cost of living is taken into consideration. In contrast, if the Union's wage and insurance offers are adopted, employees will be able to maintain their current standard of living. In fact, the Union's offer is simply a break-even proposition.

DISCUSSION:

This record supports the adoption of the Union's wage offer and the Employers' insurance offer.

The reasonableness of the Union's wage offer is supported by the impact of the proposal on the unit members' overall compensation, particularly when cost of living and insurance contributions are taken into consideration. It is also supported by a comparison of prior increases received by internal comparables and increases received by unit employees, by the fact that increase will not alter in any significant way the relationship between this unit and external comparables, and by the fact that a persuasive case has not

been made in this record that the Joint Employers cannot afford to fund the increase proposed by the Union. With respect to the external comparable issue raised herein, although that issue is not determinative of the outcome of this proceeding, in the undersigned's opinion, for the reasons argued by the Union, a larger group of comparables than that proposed by the Joint Employers should be utilized by the parties in determining the external comparability of wages and benefits of these employees.

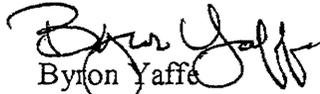
With respect to the insurance issue, the Employers' proposal is deemed to be the more reasonable of the two based upon the Joint Employers' 2003 reinsurance premium increases and the actual self insurance cost increases the Employers have experienced to date.

Based upon these considerations the undersigned hereby renders the following:

INTEREST ARBITRATION AWARD

The parties' agreement shall incorporate the Union's wage proposal contained herein, and the Employers' insurance proposal.

Dated this 20th day of October 2003 at Chicago, IL 60640.


Byron Yaffe
Arbitrator