INTEREST ARBITRATION DECISION
CLINTON COUNTY AND CLINTON COUNTY SHERIFF
&
ILLINOIS FRATERNAL ORDER OF POLICE LABOR COUNCIL
DECEMBER 8, 2005

In the Matter of:	**}**
	}
Clinton County & Clinton County Sheriff	**}By Assignment of the**
	}Illinois State Labor Relations Board
&	**}Case No. S-MA-05-026**
	}
Illinois Fraternal Order of Police Labor Council	**}**

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HEARING & DECISION DATE

Hearing: November 8, 2005
Briefs: Waived Voluntarily by the Parties
Interest Arbitration Award: December 8, 2005

For the Union

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For the County

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ARBITRATOR

Michael H. LeRoy

I. PRE-HEARING STIPULATIONS OF THE PARTIES

The authorized representatives stipulated the following:

1. The Arbitrator in this case shall be Michael LeRoy. 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, including but not limited to the express authority and jurisdiction to award increases in wages and all other forms of compensation retroactive to December 1, 2004 and December 1, 2005. Each party expressly waives and agrees not to assert any defense, right or claim that the Arbitrator lacks 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.

2. The arbitration hearing in this case will be convened on November 8, 2005 at 10:00 a.m. The requirement set forth in Section 14(d) of the Illinois Public Labor Relations Act, requiring 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 in the Clinton County Board Room.

3. The parties have agreed to waive Section 14(d) of the Illinois Public Labor Relations Act requiring the appointment of panel delegates by the employer and exclusive representative.

4. The hearing will be transcribed by a court reporter or reporters whose attendance is to be secured by the Employer for the duration of the hearing by agreement of the parties. The cost of the employer and the Arbitrator=s copy of the transcript shall be shared equally by the parties.

5. The parties agree that the following issues remain in dispute: wages and health insurance. The parties agree that the issues are mandatory economic subjects of bargaining over

which the Arbitrator has authority and jurisdiction to rule by selecting the final offer of the Employer or the final offer of the Union as to each issue in dispute:

(A) What increase in wages will be received by bargaining unit employees for the contract years December 1, 2004 through November 30, 2005, December 1, 2005 through November 30, 2006, December 1, 2006 through November 30, 2007, and December 1, 2007 through November 30, 2008?

(B) What contribution, if any, will employees make to the premium costs of single health insurance coverage?

6. The parties agree that these Pre-Hearing Stipulations and all previously reached tentative agreements shall be introduced as joint exhibits. The parties further agree that such tentative agreements shall be incorporated into the Arbitrator=s award for inclusion in the parties= successor labor agreement that will result from these proceedings.

7. Final offers shall be stated on the record no later than the start of the arbitration hearing. Thereafter, such final offers may not be changed except by mutual agreement of the parties. As to each economic issue in dispute, the Arbitrator shall adopt either the final offer of the Union or the final offer of the Employer.

8. Each party shall be free to present its evidence in either the narrative or witness format. Advocates presenting in a narrative format shall be sworn as witnesses. The Labor Council shall proceed first with its case-in-chief. The Employer shall then proceed with its case-in-chief. Each party shall have the right to present rebuttal evidence.

9. If requested by the Arbitrator, the parties will file post-hearing briefs. If requested, they shall be submitted to the Arbitrator, with a copy sent to the opposing party=s representative, no later than forty-five (45) day from the receipt of the full transcript of the hearing by the

parties, or such further extensions as may be mutually agreed to by the parties or granted by the Arbitrator. The post-marked date of the mailing shall be considered to be the date of submission of the brief. There shall be no reply briefs, and once each party=s post-hearing brief has been received by the Arbitrator, he shall close the record in the matter.

10. The Arbitrator shall base his 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 sixty (60) days after submission of the post-hearing briefs or any agreed upon extension requested by the Arbitrator. The Arbitrator shall retain the entire record in this matter for a period of six months or until sooner notified by both parties that retention is no longer required.

11. 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 the arbitration hearing.

12. 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.

FOR THE COUNTY OF CLINTON AND THE CLINTON COUNTY SHERIFF	FOR THE F.O.P LABOR COUNCIL
/s/ Jack Knuppel	/s/ Thomas Sonneborn
Date: November 8, 2005	Date: November 8, 2005

II. Comparable Jurisdictions

II(A). The Union=s Comparable Jurisdictions: The Union=s final offers are based upon CBAs for sheriff department employees in nearby counties. These contracts set wages, and

conditions for health insurance. The counties include Effingham, Fayette, Jefferson, Jersey, Macoupin, Marion, Monroe, Montgomery, Perry, and Randolph.

The Union uses a labor market theory to explain its comparables. The bargaining unit is in a competitive regional labor market. Size of the unit, as reflected by population, is also an important criterion for selecting comparables. The Union believes that data for equalized assessed valuations (EAVs), property tax revenues, state income tax collections, state sales tax collections, other revenue sources, and general fund revenue support its selection of comparable counties.

II(B). The County=s Comparable Jurisdictions: The County does not disagree with the Union=s theory of comparability, nor does it take issue with any particular Union choice of a jurisdiction. Like the Union, the County believes that population is a key factor in selecting comparables. Its list includes Christian, Franklin, Fulton, Jefferson, Livingston, Monroe, and Morgan.

However, in contrast to the Union=s position, the County explains that internal comparables are appropriate for the health insurance issue. Equity and fairness justify the concept of having every employee share the burden of rapidly rising health insurance costs. A separate bargaining unit of dispatch employees, represented by this Union in Clinton County, already has agreed to unit-wide employee contributions for health insurance. In addition, all other County employees pay part of the premium for single and dependent care health insurance.

The Union disagrees on using internal employment groups for comparability, noting that its final offer covers employees under the same insurance policy for the rest of County=s workforce. There would be no need for a different insurance provider, or a separate policy if the Union=s final offer were adopted. Thus, the Union asserts that its final proposal does not pose an

administrative burden for the Employer, nor does it alter coverage of the existing policy. It reflects the historical trend of fully-paid employer insurance for single-care coverage in southern Illinois counties.

II.C. The Arbitrator=s Adoption of Comparable Jurisdictions and Employment Groups: Statistics play a role in determining comparability, but so do qualitative factors. Although Clinton County is mostly rural, it is located at the edge of the St. Louis metropolitan area. Suburbs on the Illinois side of the Mississippi River can be reached in a short drive. Urban sprawl is pushing toward the County. To the east, north, and south, Clinton County is surrounded by rural areas. This region relies on agriculture, tourism, and mining.

The Union correctly observes that the Sheriff competes for qualified employees in a labor market that overlaps with urban and rural counties. This region has some connection to the St. Louis metropolitan area, a point that is lost in some of the County=s proffered jurisdictions.

Selection of external comparables is simplified by the fact that both parties put forward Illinois counties, rather than city police units or county sheriff units in Missouri. These choices provide apple-to-apple comparisons. However, Morgan, Livingston and Fulton counties are rejected as comparables because they are too far from Clinton County.[1]

There is no magic in setting a mileage limit from Clinton County. The parties= common comparables set a mutually agreeable distance of about 80 miles. The Sheriff does not object to Jersey County, whose seat (Jerseyville) is 83 miles from Carlyle. While the Union excludes Christian County, there is no reasonable basis to reject this comparison because its seat (Taylorville) is also 83 miles from Carlyle. Thus, the Arbitrator adopts these counties as

[1] The distance between county seats was used because sheriff offices are based in these locales. The distance between Carlyle (Clinton County=s seat) and Lewistown (Fulton County=s seat) is 176 miles. Pontiac

comparable jurisdictions: Christian, Effingham, Fayette, Franklin, Jefferson, Jersey, Macoupin, Marion, Monroe, Montgomery, Perry, and Randolph Counties (see Table 1). Their county seats are 24 miles to 83 miles from Carlyle. Their populations range from 21,802 in Fayette County to 49,019 in Macoupin County. Clinton County=s population of 35,535 is in the middle of the range.

While the County offers good reasons for using internal comparables on health insurance, these arguments are not persuasive. This is because the Clinton County Sheriff competes with the external comparables for the services of well-qualified public safety officers. For an applicant to the Clinton County Sheriff=s department, or to bargaining unit employees who might consider transferring to another county=s sheriff department, internal comparisons are meaningless. Wages and conditions of employment in competing jurisdictions are more relevant.

Table 1

Twelve Counties Adopted as Comparable Jurisdictions for Clinton County

County	Population	Total EAV	Median Household Income	Distance Between County Seats[2]

(Livingston County) is 194 miles from Carlyle, and Jacksonville (Morgan County) is 120 miles.

[2] Mapquest was used to determine mileage.

Christian	35,372	$393,581,544	$36,561	83 Miles
Effingham	34,264	$428,963,303	$39,379	68 Miles
Fayette	21,802	$162,664,048	$31,873	37 Miles
Franklin	39,018	$205,968,778	$28,411	65 Miles
Jefferson	40,045	$321,109,524	$33,555	44 Miles
Jersey	21,668	$261,294,622	$42,065	83 miles
Macoupin	49,019	$436,741,662	$39,190	75 Miles
Marion	41,691	$265,553,694	$35,227	24 Miles
Monroe	27,619	$541,079,959	$55,320	67 Miles
Montgomery	30,652	$315,341,739	$33,123	42 Miles
Perry	23,094	$148,583,053	$33,281	38 Miles
Randolph	33,893	$326,743,869	$37,013	75 Miles
Clinton	**35,535**	**$371,051,447**	**$44,618**	**0 Miles**
Average (Mean)	**31,743**	**$313,693,421**	**$37,122**	**56 Miles**
	[Rank 5th]	**[Rank 5th]**	**[Rank 2nd]**	

Table 2

2004 Deputy Sheriff Annual Earnings Among Comparable Jurisdictions for Clinton County

County/ Effective Date	Start	After 1 Yr.	After 5 Yrs.	After 10 Yrs.	After 15 Yrs.	After 20 Yrs.	Top Pay

Christian(12/04)	$38,844	$38,944	$39,344	$39,544	$39,744	$39,744	$39,744
Effingham (09/04)	$35,930	$35,930	$40,092	$40,863	$42,142	$43,406	$43,406
Fayette (12/04)	$27,264	$30,897	$33,147	$36,271	$38,314	$40,624	$40,624
Franklin (12/03)	$27,122	$30,072	$31,672	$32,272	$33,172	$33,772	$35,272
Jefferson (12/04)	$30,650	$32,150	$33,650	$35,900	$37,400	$39,650	$42,150
Jersey (12/04)	$30,000	$36,431	$37,156	$38,063	$38,969	$39,875	$39,875
Macoupin (12/04)	$36,511	$36,511	$36,876	$37,615	$38,742	$38,742	$38,742
Marion (12/04)	$31,304	$34,778	$35,402	$36,192	$36,962	$37,606	$37,606
Monroe (12/04)	$28,115	$41,741	$42,576	$42,993	$43,411	$43,828	$43,828
Montgomery (12/04)	$39,229	$41,309	$41,309	$41,309	$41,309	$41,309	$41,309
Perry (12/04)	$27,325	$29,325	$32,325	$34,075	$35,325	$36,57	$39,075
Randolph (12/04)	$31,881	$39,850	$39,850	$39,850	$39,850	$39,850	$39,850
Clinton (12/03)	**$35,568**	**$35,568**	**$41,392**	**$42,120**	**$42,536**	**$43,680**	**$43,680**
Average (Mean)	**$32,014**	**$35,660**	**$36,949**	**$37,912**	**$38,778**	**$39,582**	**$40,124**

Table 3

2004 Sergeant Annual Earnings Among Comparable Jurisdictions for Clinton County

County/ Effective Date	**Start**	**After 1 Yr.**	**After 5 Yrs.**	**After 10 Yrs.**	**After 15 Yrs.**	**After 20 Yrs.**	**Top Pay**
Christian(12/04)	$39,744	$39,844	$40,244	$40,444	$40,644	$40,644	$40,644
Effingham (09/04)	$38,030	$38,030	$42,192	$42,963	$44,242	$$45,506	$45,506

Fayette (12/04)			No Sergeants are in the unit				
Franklin (12/03)			No Sergeants are in the unit				
Jefferson (12/04)	$32,350	$33,850	$35,350	$37,600	$39,100	$4,350	$43,850
Jersey (12/04)	$38,250	$38,441	$39,206	$40,163	$41,119	$42,075	$42,075
Macoupin (12/04)	$37,944	$37,944	$38,323	$39,090	$40,263	$40,263	$40,263
Marion (12/04)	$32,204	$35,678	$36,302	$37,092	$37,862	$38,506	$38,506
Monroe (12/04)	$29,615	$43,241	$44,106	$44,538	$44,971	$45,403	$45,403
Montgomery (12/04)			No Sergeants are in the unit				
Perry (12/04)	$28,325	$30,325	$33,325	$35,075	$36,325	$37,575	$40,075
Randolph (12/04)	$40,251	$40,251	$40,251	$40,251	$40,251	$40,251	$40,251
Clinton (12/03)	**$37,648**	**$37,648**	**$43,472**	**$44,200**	**$44,616**	**$45,760**	**$45,760**
Average (Mean)	**$35,087**	**$37,459**	**$38,779**	**$39,673**	**$40,528**	**$41,300**	**$41,869**

Table 4

2004 Correctional Employees Annual Earnings Among Comparable Jurisdictions for Clinton County

County/ Effective Date	Start	After 1 Yr.	After 5 Yrs.	After 10 Yrs.	After 15 Yrs.	After 20 Yrs.	Top Pay
Christian(12/04)	$33,271	$33,371	$33,771	$33,971	$34,171	$34,171	$34,171
Effingham (09/04)	$27,588	$31,668	$32,940	$33,600	$33,600	$35,616	$35,616

Fayette (12/04)	$22,099	$22,099	$24,952	$26,813	$29,965	$31,978	$34,049
Franklin	$22,122	$23,622	$25,222	$26,122	$26,722	$27,622	$29,122
Jefferson (12/04)	$26,764	$27,864	$28,614	$29,364	$30,114	$30,614	$30,864
Jersey (12/04)	$24,366	$32,890	$32,890	$32,890	$32,890	$32,890	$32,890
Macoupin (12/04)	$33,377	$33,377	$33,711	$33,386	$35,417	$35,417	$35,417
Marion (12/04)	$26,978	$29,952	$30,597	$31,387	$32,157	$32,802	$32,802
Monroe (12/04)	$26,225	$30,288	$33,247	$33,573	$33,899	$34,225	$34,225
Montgomery (12/04)	$33,509	$33,509	$33,509	$33,509	$33,509	$33,509	$33,509
Perry (12/04)	$24,000	$25,200	$26,700	$28,800	$30,800	$32,000	$36,800
Randolph (12/04)	$25,266	$31,582	$32,372	$32,767	$33,162	$33,556	$34,346
Clinton (12/03)	**$32,448**	**$33,072**	**$35,568**	**$36,608**	**$37,648**	**$39,000**	**$39,000**
Average (Mean)	**$28,466**	**$29,618**	**$30,710**	**$31,432**	**$32,201**	**$32,933**	**$36,488**

Table 5: Employee Contribution Per Month for Single (Self) Health Insurance Among Comparable Jurisdictions for Clinton County

County	Amount of Employee Contribution
Christian (12/04)	5% of $485 ($24 Per Month)
Effingham (09/04)	$0
Fayette (12/04)	$0
Franklin	$0
Jefferson (12/04)	$0

Jersey (12/04)	$0
Macoupin (12/04)	$0
Marion (12/04)	5% (Amount Not Indicated)
Monroe (12/04)	20% of $386 ($77 per month)
Montgomery (12/04)	100% (Amount Not Indicated)
Perry (12/04)	$0
Randolph (12/04)	$0
Clinton (12/03)	**$0**
Clinton (with Union=s Final Offer)	**$0**
Clinton (with County=s Final Offer)	**$20 per month**

III. Health Insurance

III(A). The Union=s Final Offer for Health Insurance: The Union proposes to preserve the status quo practice by which the County pays 100% of the health insurance premium for individual coverage. This is an unbroken practice. It is not only historical in Clinton County. This is the primary method of paying health insurance in Southern Illinois jurisdictions.[3]

The Employer is seeking a breakthrough, and has failed to carry its burden of proof. (1) There is no support in the comparables for this outcome. (2) There must be independent

consideration to justify a breakthrough, and the Employer has offered no *quid pro quo* to offset this major change in a condition of employment. (3) The Union has not been recalcitrant without good cause in resisting the Employer=s proposal.[4]

The Union recognizes that insurance costs have risen sharply for the Employer. But this has not had an adverse impact. The balance in the General Fund has remained stable during this escalation.[5] The County has new sources of income from mining and mineral rights.[6]

Employees are already paying for the increasing cost of this benefit. They have agreed to higher co-payments and deductibles.[7] The County already shifts higher insurance costs to these employees. This method of cost sharing will likely continue. It is more equitable than requiring everyone to contribute to the premium each pay period.

The Union acknowledges that the Employer=s offer involves a fairly nominal amount. The Arbitrator must be mindful, however, that if a breakthough is granted the Employer will probably seek higher contributions in future contracts. This final offer is the Acamel=s nose under the side of the tent.@[8] Interest arbitration should not be used to achieve this type of bargaining advantage.

<u>III(B). The County=s Final Offer for Health Insurance</u>: In 2000, the County paid

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[3] T. 13.

[4] T. 39.

[5] *See* T. 25, stating:

> If the employer is spending more for health insurance, how is it doing with everything else? What other things is it spending money on, and are those increasing as well? So you can see year-to-year, there has been a steady increase for the employer in health insurance expenditures, but there=s an equally steady increase across the board in other expenditures in this jurisdiction that far exceed what was spent on health. So it=s not just spending more on healthcare that=s causing them to spend more money. It=s spending money on everything. Everything is costing more, including its employees including paying for their services.

[6] T. 26.

[7] T. 24.

[8] T. 14.

$410,612 for employee health insurance. Since then, this cost has sharply escalated to $460,229 in 2001, $516,044 in 2002, $583,985 in 2003, and $743,449 in 2004.[9] According to the County, it "has had a severe increase in the recent amount of health spending."[10]

The County agrees that it bears the burden of proof on this breakthrough issue. That burden has been met. To begin, these bargaining unit employees should be compared to Clinton County employees. Everyone in this jurisdiction contributes something to his or her health insurance, including an FOP unit of dispatchers.[11] This mirrors a national trend: Most employees pay some part of their monthly health insurance premium.[12] Similar reasoning applies using external comparables. The County asserts that Afor purposes of what we=re attempting to do, this does reflect that other counties are trying to do the same thing Clinton County is trying to do right now.@[13] The Employer points to external comparables to support this argument. In sum, Clinton County Sheriff Department employees should not be exempt from this nationwide trend.

Second, the County seeks to shift a modest amount of the cost. A factor in granting a breakthrough is the magnitude of change that a party seeks to impose. Where a final offer proposes modest cost shifting, this should weigh favorably in allowing a breakthrough. It is important to understand that the County=s overall health insurance cost is three-fourths of a million dollars, yet the County seeks only a $20 monthly contribution from its employees. This

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[9] *See* County Exhibit 5, and T.52, stating:

> The main issue, of course, is the health insurance. What we've labeled as Exhibit No. 5 illustratesBagain, these are taken from the County=s financial statements that were provided to the Union. We have those available for the Arbitrator if he=s interested. It=s a pretty substantial increase. . . . It=s a total increase of . . . 76%. . . .

[10] T. 63.

[11] T.56.

[12] County Exhibit 27, showing that among U.S. workers who have health insurance, 73% of these employees pay part of the premium.

pay deduction is affordable. Employees are not simply ranked first in wages. The margin of their superiority is large. Deducting $240 per year from employee pay checks will barely diminish their overall compensation.

The County is not seeking a rising contribution. Its proposal is constant.[14] The real cost of this proposal to employees will diminish over the life of this 4-year agreement as annual pay increases. All of these factors underscore the reasonableness of the County=s offer.

III.C. The Arbitrator Adopts the County's Final Offer for Health Insurance: This decision is based on Section 14(h) of the Illinois Public Labor Relations Act.[15] Specifically, subsections 3, 4 and 6 are the basis for this ruling. Section 14(h)(3) allows the arbitrator to

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[13] T. 58.

[14] *See id*., stating:

> In fact, it probably would be more severe what they're trying to do in Morgan County because they=re capping the dollar amount. So for the full three years of the contract, the employees= amounts are going to increase significantly during that period, whereas in Clinton, all we=re going to do is $10, and that=s not going to change.

[15] Under 5 ILCS 315, Section 14(h), the law states:

> Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:
> (1) The lawful authority of the employer.
> (2) Stipulations of the parties.
> (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
> (4) 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:
> (A) In public employment in comparable communities.
> (B) In private employment in comparable communities.
> (5) The average consumer prices for goods and services, commonly known as the cost of living.
> (6) 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.
> (7) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
> (8) 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.

consider “the financial ability of the unit of government to meet those costs.” Section 14(h)(4) permits a “[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.” Section 14(h)(6) allows for consideration of “[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 statute does not specifically guide arbitrators who decide breakthrough issues. Although the Union and County present somewhat different tests for the Arbitrator to apply, the parties are in fundamental agreement. There is a strong presumption against granting breakthrough offers. Leniency in awarding a breakthrough would undermine the core purpose of the statute: promoting voluntary settlements of contracts. A permissive approach would encourage advantage seeking parties to use final offer arbitration as a game of chance to win that which is unattainable in bargaining.

Where, as here, an employer seeks a breakthrough on health insurance by proposing that employees begin to contribute to 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 a evidence that employees contribute to the health insurance premium. This conforms to Section 14(h)(4), permitting a comparison to conditions of employment of other employees performing similar services in public employment in comparable communities.

! Second, the dollar amount of employee contribution must be examined. This amount must be compared to the dollar amount of employee contributions in other employment groups. Again, this entails application of Section 14(h)(4).

! Third, the impact of health insurance costs on the employer's ability to pay must be considered. This conforms to Section 14(h)(3), which approves consideration of the financial ability of the unit of government to meet this cost.

! Fourth, the dollar amount of employee contribution should be considered in light of the employees' overall compensation. This is consonant with Section 14(h)(6).

It is not enough that the Employer's position is supported by the statutory factors. There must be clear and convincing evidence of a compelling circumstance that justifies the granting of a breakthrough offer. This reflects the more general idea behind the statute that favors a strong presumption against awarding a breakthrough offer.

Turning to the facts, the Union is correct in emphasizing that this issue is a significant watershed in the parties' contractual relationship. If the breakthrough is granted, likely there will be no going back to the historical practice of the County paying 100% of the insurance premium. The Union's concern that the County will return during the next contract to seek a more substantial contribution may be true.

However, the present award does not foreclose future negotiations to the disadvantage of the Union. Notably, the County=s final offer has no escalating feature over the life of the contract. Whether the County will seek to increase this level is pure speculation. In any event, December 2008 is a long time from now. Nothing in the present award establishes a precedent for annually increasing employee contributions to insurance. In sum, while this award creates a

new precedent in the contractual relationship, its effect is limited.

Granting the breakthrough issue to the County is also reasonable under the circumstances.

Section 14(h)(3) allows the Arbitrator to consider an employer's "financial ability . . . to meet those costs." In 2000, the County received $4,248,662 in total revenue. Health insurance consumed 10.83% of this budget.[16] The percentage share of this benefit expenditure, relative to revenue, grew to 11.87% in 2001, 11.98% in 2002, 12.83% in 2003, and 15.65% in 2004.[17]

When the same budget item, compared to total revenue, increases by nearly five percentage points in a five year period, the Employer's financial ability to meet those costs is clearly put into question. Steep increases in health insurance do not have to bankrupt a public employer before the standard is met to grant a limited and reasonable breakthrough for employee contributions to monthly premiums.

The Arbitrator has also considered the overall compensation for bargaining unit employees. The small impact of the Employer's proposal is demonstrated by using two types of individuals who have comparatively lower earnings. Correctional employees had a starting salary in 2003 of $32,448. Requiring these individuals to pay $240 per year would consume $7.40 out of each $1,000 in earnings. Suffice it to say, this amount is not unreasonable under the circumstances. Notably, this is the lowest paid member of the bargaining unit. Looking at a more typical member, a deputy at the five-year pay step would contribute $5.80 out of each $1,000 in earnings. Over the life of the CBA, all employees will contribute a decreasing percentage of pay

[16] County Exhibit 5. Since then, this cost has sharply escalated to $460,229 in 2001, $516,044 in 2002, $583,985 in 2003, and $743,449 in 2004.

[17] These percentages are based on the evidence. The health insurance cost figures in County Exhibit 5 were divided by the revenue figures from Union Exhibit Tab 9, Column 3.

due to (a) the constant amount of their deduction, and (b) annual pay raises.

Consideration of Section 14(h)(4) adds to the weight of this clearly convincing evidence. The Arbitrator digresses briefly to explain why the County's arguments for internal comparability are not persuasive. If internal comparability were so important, the County would equate wage scales for deputies, sergeants, and jailers to less skilled members of its workforce. Clearly, this logic was not used or even suggested in this arbitration. The same reasoning applies for a benefit so valuable as health insurance. Thus, external comparability is a more appropriate standard for comparison.

The evidence in Table 5 shows that eight jurisdictions pay 100% of the premium for individual health insurance coverage. Certainly, this supports the Union's final offer to maintain the status quo. But cost sharing of employee premium contributions is not as isolated as the Union suggests. Four comparable counties have an insurance plan that is similar in concept to the Employer's final offer.

The Arbitrator also gives weight to the small amount of the employee's share of the premium under the County's offer. In Montgomery County, employees pay 100% of the single-coverage premium. Monroe County requires a 20% employee contribution ($77 per month). Christian County and Marion County deduct 5% of employee pay for individual coverage premiums. When the amount of Clinton County's final offer is viewed against 12 comparable jurisdictions, it falls close enough to the midpoint (5th in amount of pay deduction) of these wide-ranging practices to be adopted as the Arbitrator's Award. In light of the evidence, the applicable statutory standards, and the reasoning set forth herein, the Arbitrator adopts the County's final offer for health insurance.

IV. Wages

IV(A). The Union=s Final Offer for Wages: The Union acknowledges that this unit is ranked first among comparables. Its margin of superiority reflects an adjustment in wages during the last contract. The County wanted to be an employer of choice in a competitive labor market. Keeping this background in mind, the County's final offer retreats from this policy.[18] Moreover, the Employer is able to afford the Union's proposal. Its general fund shows healthy year-to-year balances.[19] The Union also advances a cost-of-living theory. Using inflation data that adjust for peaks and ebbs, the long-term rate is increasing by over 3% per year. The Union's offer simply maintains the standard of living for employees.[20]

IV(B). The County=s Final Offer for Wages: The County's final offer is to add 25 cents per hour to each step of the applicable wage scales for the retroactive period. This increase would apply for wages from December 1, 2004 through November 30, 2005. Thereafter, effective on December 1, 2005 through December 1, 2008, the County would add 45 cents per

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[18] *See* T. 31, stating:

> In the last negotiations, there was a bilateral agreement reached between the parties that called for a significant pay increase. There was a mutual agreement between the parties that these bargaining unit members would receive a dollar an hour increase in each year of the agreement. That had a significant impact on their standing among the comparables. It moved them to the top, but that was by agreement. It was with knowledge. It was an arm=s length transaction across the table. What the perception of the Union is now is that the employer has come back and said, AWell, we may have done that last time, but now we want to take it back."

[19] *See* T. 22 (Union Attorney), stating:

> [T]he employer does, in fact, have the ability to pay wages, competitive wages to these employees. There=s going to be bumps up and down. What it does demonstrate is whether it=s 2.6 million or 2.8 million or 3 million, it has healthy ending fund balance. When you consider the fact that their revenues average around $4.5 million a year to have an ending fund balance of anything in excess of $2 million is a good statement of affairs for the employer.

[20] *See* Union Exhibit Tab 25, and also T. 34-35 (Union Attorney):

> So what we do is we go back to the date of the last salary increase the employees received, which is our understanding based on the precedence of where this should take place. . . . What=s been the impact of inflation? How has the cost of living impacted their salary? Has it eroded their purchasing power? And the answer to that question is yes, it has. The last date of the last pay increase is 12/1/03. The most current information that=s available from the BLS as of today is for September of 2005. . . . Taking a look at that, what has been the impact of inflation since that time, 7.3%. That=s what they have lost in purchasing power since December 1, of >03. That being the case, what=s the Union asking for here? What=s the Union coming before the Arbitrator and

hour each year to the wage scales. To support this final offer, the County contends that bargaining unit employees are ranked first on nearly every wage comparison to external jurisdictions.[21]

Consider an employee at the 10-year pay step. Working in corrections, that individual would be paid 20.2% above the average.[22] Deputies at the same pay step would be 12.6% above the average.[23] The County's pay offer would preserve the bargaining unit's top ranking, as well as its margin of superiority.

The County's pay offer also mirrors raises that are going into effect for its other employees: "The same is true for the health department . . . . There are maintenance employees in the sheriff=s office who are represented by the Teamsters, and the .25, .45, .45, .45 is directly referenced in the contract."[24]

In addition, the County has agreed to improve overall compensation for the employees in the present arbitration: "The Employer has already granted better personal leave, better funeral leave, more money for shoes and plain clothes assignments, more money for rank differential, and more money for the educational incentive."[25]

<u>IV.C. The Arbitrator Adopts the Union=s Final Offer for Wages</u>: The decisive factor for this issue is Section 14(h)(5), which authorizes selection of an offer based on "[t]he average consumer prices for goods and services, commonly known as the cost of living." In basing the

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asking for? Well, for 2004, we ask for a 3%. For 2005 we ask for 3%.

[21] *See* T. 58-59 (County Attorney), stating:

> [E]ven in their presentation here today, a whole set of different counties, it couldn't be any more clear that this group is far and away ahead of all of the comparable averages without any pay increases. When you add in No. 29, the counties that Clinton County is asking you to take a look at, those percentages would become even more outrageous.

[22] County Exhibit 28.

[23] *Id.*

[24] T. 58 (County Attorney).

award on this statutory element, the Arbitrator gives weight to the fact that this CBA will have a four year term.

The Union makes a convincing argument that the purchasing power of wages is declining by more than 3% per year. The record contains a government measure of inflation that begins with the start of the expired contract and ends with the last month of the agreement. The Union proves its Section 14(h)(5) argument when it reasons: "Taking a look at that, what has been the impact of inflation since that time, 7.3%. That's what they have lost in purchasing power since December 1, of '03. That being the case, what's the Union asking for here? . . . Well, for 2004, we ask for 3%."[26]

Union Exhibit 44 also supports rejection of the County's pay offer. When this proposal is converted from cents per hour to percentages, the County's wage proposal is regressive in the first year. Pay rates for 2004 would increase 1.14% to 1.60%, depending on job and step placement. Thereafter, pay raises would vary from 1.94% to 2.84%, averaging about 2.5% per year. If the long term inflation trend persists, the County's final offer would lower the purchasing power of wages. This proposal can be justified, for example, by demonstrating the Employer=s inability to pay. However, the County has not made this argument for its wage proposal in this proceeding.

In addition, the employees in this arbitration are among the County's most qualified hourly workers. They provide public safety for 3.1 million tourists to Clinton County every year,[27] in addition to protecting the County's 35,535 residents.[28] Their comparatively high pay is

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[25] T. 60 (County Attorney).
[26] T. 35 (Union Attorney).
[27] Union Exhibit 7.
[28] *Id.*

not a matter of public charity. It reflects the competitive dynamics in this regional labor market.

Accordingly, the Union's final offer is adopted.

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VI. INTEREST ARBITRATION AWARD

Based on the record created at the arbitration hearing on November 8, 2005, 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, the Arbitrator adopts the following final offers.

Therefore, an order is now entered that incorporates these terms into a Collective Bargaining Agreement that replaces the expired Agreement:

1. The parties' Tentative Agreement, as appended, is incorporated as part of this Award.

2. The County's final offer for health insurance is adopted.

3. The Union's final offer for wages, including a provision for retroactivity, is adopted.

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Arbitrator Michael H. LeRoy
Serving by Appointment under the Auspices of the
Illinois Labor Relations Board

This Award Entered Into
this ***8th Day of December, 2005***,
in Champaign, Illinois.