

**ILLINOIS LABOR RELATIONS BOARD
INTEREST ARBITRATION
BEFORE ARBITRATOR WILLIAM E. SIGLER**

**Village of Stickney
Employer,**

AND

Case No. S-MA-09-187

**Illinois Fraternal Order
of Police Labor Council
Union,**

INTEREST ARBITRATION OPINION AND AWARD

The hearing in this matter was conducted at the Stickney, Illinois, Village Hall commencing at 9:30am on Thursday, February 17, 2011.

The Illinois FOP Labor Council was certified by the ILRB as the exclusive representative for "All full time Radio Operators and full-time Sworn Peace Officers in the ranks of Sergeant and below." on December 19, 1990. The unit currently consists of 18 individuals.

This matter has been properly placed before me for a final and binding determination. The parties have agreed there are no procedural issues involving this arbitration and have stipulated the issues before this Arbitrator are economic in nature, requiring me to select the final offer of the Union or Village on each issue. My findings and determinations are based on the factors set forth in 5 ILCS 315/14 and other provisions of the Illinois Labor Relation Act. All procedural prerequisites for Interest Arbitration have been met.

Gary L. Bailey, Attorney, represented the Illinois FOP Labor Council, while Stanley Kusper, Jr., Attorney, presented the Village of Stickney's case. The Employer and Union presented their evidence in narrative fashion. A transcript of the proceedings was taken and delivered to this Arbitrator on Thursday, March 3, 2011.

Hard copies of the post hearing briefs were filed in a timely manner and received by this Arbitrator from the Union via US Postal Service on April 4, 2011 and the Employer via Fed Ex on April 5, 2011.

This is the parties' first appearance at Interest Arbitration and prior to the hearing agreed upon the following external comparables:

Countryside
Hickory Hills
Hodgkins
Lyons
North Riverside
Riverside
Summit

There have been a number of tentative agreements reached during the course of negotiations. However, despite the efforts of the parties to reach a complete agreement, two economic issues remained at impasse as of the hearing date.

The parties have presented the following economic issues for resolution:

1. Wages
2. Insurance

Illinois FOP Labor Council Final Wage Offer:

Section 28.1: Wages

Effective on May 1, 2009 2004, and each May 1st thereafter during the term of this Agreement the annual pay schedule for all employees covered by this Agreement shall be based on the following rates of pay:

<u>Rank/Time</u>	<u>Current</u>	<u>5-01-09</u> 1.5%	<u>5-01-10</u> 2.5%	<u>5-01-11</u> 2.5%	<u>5-01-12</u> 3.0%	<u>5-01-13</u> 3.0%
Patrol Officer						
Start	\$40,321	\$40,926	\$41,949	\$42,998	\$44,288	\$45,616
Compl. 1 yr.	\$50,414	\$51,170	\$52,449	\$53,761	\$55,374	\$57,035
Compl. 2 yrs.	\$56,899	\$57,752	\$59,196	\$60,676	\$62,496	\$64,371
Compl. 3 yrs.	\$60,628	\$61,537	\$63,076	\$64,653	\$66,592	\$68,590
Compl. 4 yrs.	\$62,448	\$63,385	\$64,969	\$66,594	\$68,591	\$70,649
Compl. 5 yrs.	\$64,946	\$65,920	\$67,568	\$69,257	\$71,335	\$73,475
Sergeant	\$71,439	\$72,511	\$74,323	\$76,181	\$78,467	\$80,821
Dispatcher						
Start	\$35,407	\$35,938	\$36,837	\$37,757	\$38,890	\$40,057
Compl. 1 yr.	\$40,818	\$41,430	\$42,466	\$43,528	\$44,834	\$46,179
Compl. 2 yrs.	\$42,214	\$42,847	\$43,918	\$45,016	\$46,367	\$47,758
Compl. 3 yrs.	\$43,481	\$44,133	\$45,237	\$46,367	\$47,758	\$49,191
Compl. 4 yrs.	\$45,220	\$45,898	\$47,046	\$48,222	\$49,669	\$51,159
Compl. 5 yrs.	\$47,029	\$47,734	\$48,928	\$50,151	\$51,656	\$53,205

For the purposes of this Agreement, each employee shall receive retroactive pay starting on May 1, 2010 on all hours paid as of that date. See Union Book, Tab 3.

...

The Union characterizes the final wage offers in the following manner. The Union's final offer proposes wage increases over five years, commencing May 1, 2009 with a 1.5% increase followed by 2.5%, 2.5%, 3.0% and 3.0%, absent retroactive wages to the first year of the contract. The Employer's final wage offer proposes wages of 0.0%, 2.5%, 2.5%, 3.0% and 3.0%, with an additional 1.5% increase effective the date the contract is execute

The Union relies in part upon the Bureau of Labor Statistics monthly reports of inflation, to support its final wage offer. See Union Book, Tab 23. The Union average of the four indices for the one year period, commencing with the start of the contract, reflects an average of 1.97%. See Union Post Hearing Brief, p. 8. The combined CPI average of 1.97% is greater than the Union's final wage offer of 1.5% and closer to the CPI than the Village's final offer of 0.0%.

Secondly the Union asserts the Village has the financial ability to pay based upon its reserves of \$2,522,555 for the year ending April 30, 2010. See Village Exhibit Book, Tab 3. Since the Union's final offer proposes no retroactive pay for the first year of the contract, the only cost is for step progression already paid by the Village. With an additional cost of \$20,733 or 0.82% of the Village's ending fund balance as of April 30, 2010, the Union's wage final offer is affordable without placing additional stress upon the Village's financial stature.

In addition the Union suggests the external comparables also support its final wage offer. For the period 2008 thru 2011 the average increases for external comparables were:

	2008	2009	2010	2011
External Comparables	3.78%	3.32%	3.21%	3.37%
Union Offer		1.50%	2.50%	2.50%
Village Offer		0.00%	2.50%	2.50%*

* Additional 1.5% upon execution
See Union Book, Tab 11.

The Union's proposed wage increases are less than those already bargained in most of the comparable communities.

The degree of loss to the employee when comparing the difference between the Village and the external comparables, resulting from the Union's final offer is modest when compared to the Village's final wage offer which would significantly increase that deficit. See Union Post Hearing Brief, p.16.

“The Union has clearly taken into consideration the factors in Section 14 of the Act and made a final offer that is extremely reasonable.” ... “ Under examination, the Arbitrator must award the Union its final offer on wages”. See Union Post Hearing Brief, p. 18 and 19.

Village of Stickney Final Wage Offer:

Section 28.1 Wages

Effective on May 1, 2009, and each May 1st thereafter during the term of this Agreement, the annual pay schedule for all employees covered by this Agreement shall be based on the following rates of pay

<u>Rank/Time</u>	<u>Current</u>	<u>5/01/09</u>	<u>5/01/10</u>	<u>5/01/11</u>	<u>5/01/12</u>	<u>5/01/13</u>
Patrol Officer		1.5%*	2.5%	2.5%	3.0%	3.0%
Start	\$40,321	\$40,321	\$41,329	\$42,362	\$43,632	\$44,941
Compl. 1 yr.	\$50,414	\$50,414	\$51,674	\$52,966	\$54,555	\$56,192
Compl. 2 yrs.	\$56,899	\$56,899	\$58,321	\$59,799	\$61,593	\$63,441
Compl. 3 yrs.	\$60,628	\$60,628	\$62,144	\$63,698	\$65,609	\$67,577
Compl. 4 yrs.	\$62,448	\$62,448	\$64,009	\$65,545	\$67,511	\$69,536
Compl. 5 yrs.	\$64,946	\$64,946	\$66,560	\$68,224	\$70,271	\$72,379
Sergeant	\$71,439	\$71,439	\$73,225	\$75,056	\$77,308	\$79,627
Dispatcher						
Start	\$35,407	\$35,407	\$36,292	\$37,199	\$38,315	\$39,464
Compl. 1 yr.	\$40,818	\$40,818	\$41,838	\$42,884	\$44,170	\$45,945
Compl. 2 yrs.	\$42,214	\$42,214	\$43,269	\$44,351	\$45,682	\$47,052
Compl. 3 yrs.	\$43,481	\$43,481	\$44,568	\$45,682	\$47,052	\$48,464
Compl. 4 yrs.	\$45,220	\$45,220	\$46,351	\$47,510	\$48,935	\$50,403
Compl. 5 yrs.	\$47,029	\$47,029	\$48,205	\$49,410	\$50,892	\$52,419

*For purposes of this Agreement, the 5-1-09 1.5% raise is non-retroactive, and shall become effective, and be added to each employee’s salary amount that is set forth above, as of the signing of this Agreement. See Union Book, Tab 3.

...

The Employer characterizes the final wages offers in the following manner. The Union’s offer of wages provides a 1.5% wage increase for 2009 retroactive to May 1, 2010, whereas the Employer’s offer provides a 1.5% pay increase for 2009 effective upon the signing of the agreement. In addition, the Employer notes this is the only difference between their final wage offers.

The Village states its current economic condition is adversely affected for a number of reasons, noting 38% of its general fund income emanates from property tax revenue. See

Joint Exhibit 37. In addition the Village EAV for the tax year 2009 fell approximately \$2.2 million. See Village Exhibit 2 p. 7-8. Coupled with the collection of real estate taxes which have fallen by two to three percentage points from 2005 taxes (collected in 2007) to 2008 taxes (collected in 2010). See Village Exhibit 8. Of the Villages 2,000 properties approximately 174 are currently in foreclosure and over 60 properties entered foreclosure between May and December 2010. See Village Exhibit 7. Furthermore the Village general fund balance has declined from \$2.2 million in April 2009 to \$1.74 million in January 2011. See Village Exhibit 4.

The Illinois Comptroller's Office recommends that local governments maintain a three to six month emergency reserve. See Village Exhibit 5. The Village's average monthly expense for 2010 was \$494,376 (See Village Exhibit 6) and the proposed monthly expense for 2011 is \$547,211. Id.. To meet the recommended range the 2010 average is between \$1,483,128 and \$2,966,256 (T.70:1-9) and the 2011 recommended reserve range is between \$1,641,633 and \$3,283,266. As a result of the Village's financial condition it froze all salaries during 2009. See Village Exhibit 1.

Prior to the hearing the Village and Union had agreed to external comparables. Many of the comparable communities have effective contract dates beginning in or prior to 2008. These contracts include: Hickory Hills and North Riverside. In contrast, the Lyons agreement was finalized nearly contemporaneously with this arbitration. See Joint Exhibit 14. In addition, only a few communities rely on property taxes to the same extent as the Village (38% of the general fund). See Joint Exhibit 37. Only the Villages of Lyons at 35% and Summit at 36% are comparable to the Village. See Joint Exhibits 38-40. Of these Villages only Summit saw an increase in the EAV in 2009. See Village Exhibit 2. Lyons and the Village experienced similar reductions of approximately \$2 million in the EAV. Id.. While Riverside gets 51% of its general fund from property taxes, its EAV increased by \$10 million in 2009. Id.. Several of the comparable communities were forced to initiate severe cutbacks. Lyons laid off twelve police department employees in late 2009 and early 2010, as well as reducing expenses by \$240,000 in 2010. See Village Exhibit 13. Six of the twelve employees were recalled later in 2010. Id.. Summit was forced to lay off a member of the police department in 2010 and reduce other police related expenditures after the police union refused to agree to concessions. See Village Exhibit 14. In addition Riverside was forced to implement a total freeze and leave a police department position unfilled to meet promised raises. See Village Exhibit 15.

For the reasons articulated at the hearing, "The Village offer remains more reasonable because it provides raises of percentages identical to those requested by the Union, but refrains from spending unbudgeted money in an amount nearing \$20,000 during a time when the Village is already losing money." See Village Post Hearing Brief, p. 19.

Illinois FOP Labor Council Final Insurance Offer:

Section 27.1: Health Insurance

The Employer agrees to maintain the group hospital insurance policy currently in effect during the term of this agreement. The Employer and the

Council may mutually agree to changes in the program provider so long as the benefit levels remain substantially the same or improve. The employer agrees to provide such health and hospital insurance to all employees covered by this Agreement and their dependents, paying a minimum of ~~ninety percent (90%) and Effective January 1, 2007 eighty-five percent (85%)~~ of the premium costs.

No member shall be required to pay in excess of ~~Effective May 1, 2006: \$2,750.00; Effective May 1, 2007: \$3,000.00; and Effective May 1, 2008 \$3,250.00~~ per insurance calendar year for out of pocket medical expenses for a member or a members family for in-network charges. The village shall pay any additional out of pocket expenses for in-network charges to meet the maximum out of pocket expenses for a member or a members family during any insurance calendar year, subject to the provisions of the health insurance policy providing for payment of reasonable and customary charges.

For out-of-network charges, the employee shall be responsible for out-of-pocket expenses in accordance with the provisions of the health insurance policy and the Village shall have no responsibility for out-of-network expenses. Notwithstanding the previous sentence, if the employee is unable to secure an in-network service provider or obtain health care benefits from an in-network source that that reasonably meets the attending physicians' directions and thus requiring the employee to go out-of network, the parties agree that such costs will be the sole exception to the first sentence of this paragraph and such out-of-network costs shall be treated, for purposes of cost responsibility as if the in-network employee cap (\$3,250 for the employee or the employee's family) still applied.

It is understood that the employee shall pay ~~ten percent (10%), Effective January 1, 2007: fifteen percent (15%)~~ of the monthly combined premium cost for his/her and dependent health insurance and dental coverage (as provided for in Section 27.3), and employee hereby agrees that such amounts may be deducted from his/her pay. Such combined deductions ~~will commence on January 1, 2007, and will not exceed a combined total as set forth below:~~

	<u>Single</u>	<u>Plus 1</u>	<u>Family</u>
January 1, 2006 - Term of Agreement	\$600.00	\$1,000.00	\$1,200.00
January 1, 2009 - December 31, 2010	\$600.00	\$1,000.00	\$1,200.00
January 1, 2011 - Term of Agreement	\$850.00	\$1,500.00	\$1,700.00
January 1, 2013 - Term of Agreement See Union Book, Tab 3.	\$950.00	\$1,600.00	\$1,800.00

The Union characterizes the final insurance offers in the following manner, identifying three major areas to focus upon; employee premium contribution rates, caps on employee premium contributions and out of pocket limits.

The Union first addresses the out of pocket limits, noting its final insurance offer proposes a diminution of existing health care coverage. See Union Book, Tab 3. The current health care plan provides for set out of pocket costs:
See Union Post Hearing Brief, p.19.

<u>In Network</u>	<u>Out of Network</u>
\$1,500 per individual	\$4,500 per individual
\$3,750 per family per plan year	\$9,000 per family per plan year

In addition, the current bargaining agreement provides a cap limit to bargaining unit members for out of pocket expenses of \$3,250 per family per year. See Section 27.1 of the current collective bargaining agreement. The resulting benefit to the bargaining unit is:
See Union Post Hearing Brief, p.19.

<u>In Network</u>	<u>Out of Network</u>
\$1,500 per individual	\$3,250 per individual
\$3,250 per family per plan year	\$3,250 per family per plan year

The current agreement, which provides for caps, results in the Village underwriting some of the potential liability for out of pocket costs. That cost sharing relationship is as follows:
See Union Post Hearing Brief, p.20.

<u>In Network</u>	<u>Out of Network</u>
Employee: \$1,500 per individual	Employee: \$3,250 per individual
Employee: \$3,250 per family	Employee: \$3,250 per family
Village: \$0 per individual	Village: \$1,250 per individual
Village: \$500 per family	Village: \$5,750 per family

The Village final offer proposes effective May 1, 2011 that the out of pocket cap be eliminated. That change would reflect the following:
See Union Post Hearing Brief, p.20.

<u>In Network</u>	<u>Out of Network</u>
Employee: \$1,500 per individual	Employee: \$4,500 per individual
Employee: \$3,750 per family	Employee: \$9,000 per family
Village: \$0 per individual	Village: \$0 per individual
Village: \$0 per family	Village: \$0 per family

The Village's final offer would increase the employees' potential liability as follows:
See Union Post Hearing Brief, p.21.

<u>Employees in Network Increase</u>	<u>Employee Out of Network Increase</u>
\$0 per individual	\$1,250 per individual
\$500 per family	\$5,750 per family

The Union chose to extend a final offer that proposed increases in out of pocket liability, with one exception; When the employee is required to go out of network to secure the service his/her doctor directs the employee to have because there is no in network provider. The break down of the Union's final offer would be:
See Union's Post Hearing Brief, p.22.

<u>In Network</u>	<u>Out of Network</u>
Employee: \$1,500 per individual	Employee: \$4,500 per individual
Employee: \$3,250 per family	Employee: \$9,000 per family
Village: \$0 per individual	Village: \$0 per individual
Village: \$500 per family	Village: \$0 per family

When comparing the final offers the Village would maintain its potential liability of \$500, while the Union members would increase their potential liability by thousands of dollars.

Under the Union's final offer the Village's liability would be reduced substantially:
See Union's Post Hearing Brief, p.22.

<u>Village In Network Decrease</u>	<u>Village Out of Network Decrease</u>
\$0 per individual	\$1,250 per individual
\$0 per family	\$5,750 per family

"Given the overwhelming increased liability the Union is willing to accept for out of network costs, the Union's offer is reasonable. The reasonableness of this offer seems quite very acceptable when the Arbitrator considers that the only liability that will still rest with the Village is a liability it has accepted for over 20 years." See Union's Post Hearing Brief, p.24.

The Union represents the two remaining parts of the health insurance issue as insurance premiums and caps on such premium contributions. Employee health care contributions began in 2000 with a cap of \$350 regardless of the coverage chosen. Currently the caps vary depending on the coverage selected.

<u>Coverage</u>	<u>Cap</u>
Single	\$ 600.00
Single Plus One	\$1,000.00
Family	\$1,200.00

See Union Book, Tab 6, p. 26.

The Union asserts the caps have always been in existence and are calculated over the course of the calendar year.

However, the Village proposes as part of its final offer that the caps will apply for the first four months of 2011. Thereafter, on May 1, 2011 the caps will be eliminated and the employee will pay 8.0% of the premium cost. That cost will increase to 9.0% on May 1, 2012 and 10.0% on May 1, 2013. The Village proposal eliminates the caps and changes the calculation of premium cost from calendar year to fiscal year. See Union Book, Tab 3.

As part of its final insurance offer the Union proposes to continue paying 15.0% of the of the premium cost, over the calendar year, with the following caps in place:

January 1, 2009:	<u>Coverage</u>	<u>Cap</u>
	Single	\$ 600.00
	Single Plus One	\$1,000.00
	Family	\$1,200.00

January 1, 2011:	<u>Coverage</u>	<u>Cap</u>
	Single	\$ 850.00
	Single Plus One	\$1,500.00
	Family	\$1,700.00

January 1, 2013	<u>Coverage</u>	<u>Cap</u>
	Single	\$ 950.00
	Single Plus One	\$1,600.00
	Family	\$1,800.00

See Union Book, Tab, 3.

The Union suggests its final offer designates a significant portion of each employee's salary toward the cost of health insurance.

A review of the monthly contributions for 2009 health insurance coverage reveals the average bargaining unit employee paid \$50.00 for single coverage, \$83.33 for plus one coverage and \$100.00 for family coverage. See Union Book, Tab 20.

An examination of external comparables reveals the average Stickney bargaining unit employee's monthly insurance contribution ranks in the high middle of the comparables for single coverage and in the middle for family coverage. See Union Post Hearing Brief, p. 27 & 28.

"These figures show that the employees in the bargaining unit pay a fair share of their health insurance premiums while having a cap. In fact, it is the cap that makes bargaining unit employees remain in a competitive spot in the rankings." See Union Post Hearing Brief, p. 28.

"The Union seeks to maintain existing benefits - a premium cap and an out-of-pocket cap which were negotiated between the parties and have never been proven to create any problems." See Union Post Hearing Brief, p. 29.

"Upon examination of external comparables and traditional factors in collective bargaining, the Arbitrator must award the Union its final offer on health insurance." See Union Post Hearing Brief, p 30.

“In summary, the evidence presented by the Union supports its final offers. The Union’s offers are supported by the statutory factors and do not endanger the financial status of the Village. The Arbitrator should award the Union its final offer.” See Union Post Hearing Brief, p. 31.

Village of Stickney Final Insurance Offer:

Section 27.1: Health Insurance

The Employer agrees to maintain the group hospital insurance policy currently in effect during the term of this Agreement. The Employer and Council may mutually agree to changes in the program provider so long as the benefit levels remain substantially the same or improve. The Employer agrees to provide such health and hospital insurance to all employees covered by this Agreement and their dependents, paying a minimum of ~~ninety percent (90%)~~ and ~~Effective January 1, 2007~~ eighty-five percent (85%) of the premium costs. Effective 5-1-11, the Employer shall pay ninety-two percent (92%) of the premium costs.. Effective 5-1-12, the Employer shall pay ninety-one percent (91%) of the premium costs. Effective 5-1-13, the Employer shall pay ninety percent (90%) of the premium costs.

No member shall be required to pay in excess of Effective May 1, 2006: \$2,750.00; Effective May 1, 2007: \$3,000.00; and Effective May 1, 2008: \$3,250.00 per insurance calendar year for out of pocket medical expenses for a member or a members family. The Village shall pay any additional out of pocket expenses to meet the maximum out of pocket expenses for a member or members family during any insurance calendar year, subject to the provisions of the health insurance policy providing for payment of reasonable and customary charges. The employee maximum payments for out of pocket medical expenses set forth in this paragraph shall lapse and become ineffective on 5-1-11, and the Village shall not be required to pay any out of pocket medical expenses under this Agreement as of that date. Nothing herein shall affect the maximum out of pocket payments set forth in the applicable health insurance policy.

It is understood that the employee shall pay ~~ten percent (10%), Effective January 1, 2007: fifteen percent (15%)~~ of the ~~monthly combined premium cost~~ the percentage of the premium not paid for by the Employer as provided in the first paragraph of this Section for his/her and dependent health insurance, and for his/her dental coverage (as provided for in Section 27.3), and the employee hereby agrees that such amounts may be deducted from his/her pay. Such combined deductions ~~will commence on January 1, 2007,~~ will not exceed a combined total as set forth below:

	<u>Single</u>	<u>Plus 1</u>	<u>Family</u>
January 1, 2006-Term of Agreement	\$600.00	\$1,000.00	\$1,200.00

The foregoing provision setting forth caps on the amounts paid by employees toward their monthly combined premium shall lapse as of 5-1-11, at which point employees shall be responsible for the portion of their monthly combined premium payment set forth in the first paragraph of this section

See Union Book, Tab 3.

...

The Village asserts its employee insurance contribution offer is more reasonable than the Union's offer when applied to the act. The more appropriate considerations in this analysis are the Village's internal financial conditions, the interests and welfare of its citizens, the economy, the cost of living and the health insurance contribution provisions in comparable communities. In addition, the Village incorporates into this section its position previously argued in defense of its wage proposal. See Village Post Hearing Brief, p. 19 and 20.

The Village asserts the Union offer is not a valid *status quo* argument and should be set aside by this Arbitrator. The Union offer deviates from the insurance provision contained in the previous agreement, requiring a determination be made prior to any out of pocket caps taking effect. Consequently, the Union insurance offer cannot be regarded as a *status quo* offer and like the wage offer, the increased burden for overcoming a status quo argument is not valid. See Village Post Hearing Brief, p. 20.

1. Premium Contributions

The agreement as currently drafted contradicts itself by denoting premium payments payable by the Village and the Bargaining Unit Member and then caps the amount payable by that same Member. See Village Post Hearing Brief, p. 20 and 21. As a result of the caps the employee pays considerable less than the 15.0% premium contribution. See Village Exhibit 16; and T. 87:18 - 88:21. "As stated during the arbitration, these numbers evidence a conflict within a provision of a collective bargaining, which effectively designates a set payment, only to later *cut the heart out* of that number." See Village Post Hearing Brief, p. 21.

In addition the Village insurance offer provides for a smaller premium payment obligation than many of the comparable communities and none of these communities include a cap on premium contributions along with the percentage payment. See Village Post Hearing Brief, p. 21. Under the Village insurance offer a number of Bargaining Unit Members would pay a smaller premium for 2011. "This is further evidence of the Village's intention to provide health care to its employees at a minimal cost under a clear and uncontradictory agreement provision." See Village Post Hearing Brief, p.22.

2. Out of Pocket Caps

The Village final insurance offer proposes to eliminate a provision from the Agreement that includes an additional out of pocket expense cap on top of the out of pocket limits provided for in the actual insurance policy. See Village Post Hearing Brief, p. 22. Of the comparable communities only North Riverside includes a type of cap on out of pocket expenses, which limit's the cap's applicability to out of pocket co-pay and prescription costs.

The Village proposal eliminates the double cap system and defers to the insurance contract rather than the collective bargaining agreement to dictate these terms. See Union Post Hearing Brief, p. 23. In addition, the Union's final insurance offer adds to the complexity of the contract and potential future contention between the parties by attempting to exclude some out of network treatment from the out of pocket payment cap. See Village Post Hearing Brief, p. 25.

"Considering the foregoing, it is no wonder that the proposal set forth by the Union does not exist in any of the comparable communities. Conversely, the Village Insurance Offer resembles very closely the insurance provisions in most, if not all, of the comparable communities." See Village Post Hearing Brief, p. 26.

"Upon review of the facts and arguments presented by both Parties at the Arbitration, the Village's final offers on both the wage issue and the insurance issue are the most reasonable offer before this Arbitrator under the Act. ... For the foregoing reasons, the Village respectfully submits that the Arbitrator, pursuant to his powers under the Act, incorporate its final offers on both issues presented for arbitration into the new collective bargaining agreement between the Parties." See Village Post Hearing Brief, p. 26.

The arguments outlined above are not all inclusive of the reasoning presented by the parties at the Hearing, or reiterated in their post hearing briefs. However, the awarding of this decision is based upon the entire record and the application of the standards of review contained in Section 14(g) of the Illinois Public Labor Relations Act, which follows:

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 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.

DISCUSSION AND FINDINGS

Addressing the issue of Wages:

The Union's final wage offer, in part calls for a 1.5% wage increase effective May 1, 2009, retroactive to May 1, 2010.

The Village's final wage offer, in part calls for a 1.5% wage increase effective upon the signing of the Agreement.

The Union asserts that its final offer is the more reasonable of the two, by evaluating them against the standards set forth in the Illinois Public Labor Relations Act. When comparing the wage offers against the four indices of the Consumer Price Index (CPI), whose average was 1.97% for the first year of the Agreement. The Union's final wage offer of 1.5% is closer to the CPI than the Village's offer of 0.0%. With a reserve of \$2,522,555 for the year ending April 30, 2010 the additional cost to the Village is \$20,733 or 0.82% of its fund balance for that fiscal year. In addition, the average increase of external comparables for the period 2009 thru 2011 exceeds the Union's final wage proposal.

...

The Village asserts that 38% of its general fund income comes from property tax revenue. The Village equalized assessed value (EAV) for the tax year 2009 fell approximately \$2.2 million. Furthermore the general fund balance declined from \$2.2 million in April 2009 to \$1.74 million in January 2011. Property tax collection also fell by two to three percentage points from 2007 to 2010. Of the 2,000 properties in the Village, approximately 174 are in foreclosure with over 60 having entered foreclosure between May and December 2010. In addition the Village suggests that a number of external comparables do not rely on property taxes to the same extent as the Village. Coupled with the Illinois Comptroller's Office recommendation of a three to six month reserve and due to the poor financial condition of the Village a freeze was imposed upon all salaries during 2009. In addition, a number of labor agreements negotiated by the external comparables were finalized prior to this arbitration and some of the agreements resulted in severe cutbacks in those communities.

Upon review of the record and application of the Act to my deliberations, I find the offer of the Union more reasonable and therefore I adopt the Union's final wage offer.

Addressing the issue of Insurance:

The Union's final insurance offer proposes to increase the health insurance premium caps payable by the employee in contract years 2011 and 2013. In addition, the Union proposes to eliminate the Village's liability for out of network charges where physician directed services are available in network and the employee chooses to go out of network.

The Village's final insurance offer eliminates the caps on premium contributions and reflects a premium decrease for a number of employees in 2011. Additionally, the Village proposal eliminates the out of pocket expense cap which is layered on top of the out of pocket limits provided in the insurance policy.

A number of arguments presented in the wage portion of this discussion also apply here and to enumerate them would be redundant. However, there are additional arguments appropriate to this issue that also must be considered in arriving at my decision.

The Union proposes to eliminate the out of network liability for the Village with one exception, where a physician directed order requires the employee to seek out of net work services. This portion of the offer differs only from the Village's final offer in that the Village would maintain its potential liability of \$500 for in network cases. The Union additionally proposes to maintain the premium caps while increasing the cap amounts during the term of the agreement, contrary to the Village offer which would totally eliminate the caps and calculate the premium cost from calendar year to fiscal year.

The Village proposes to eliminate a provision from the Agreement that provides for an additional out of pocket expense cap on top of the out of pocket limits provided for in the insurance policy. This provision is unique as none of the comparable communities have similar provisions and by deferring to the insurance contract employees are still protected from exorbitant out of pocket costs. With respect to the insurance premium cost which calls for an employee contribution of 15% of the monthly premium, the employee pays considerably less because of premium caps. Furthermore, the Village insurance offer provides for a smaller payment obligation for a number of employees in 2011. That same offer also provides for smaller premium contributions than a number of comparable communities.

Upon review of the record and application of the Act in my deliberations, I find the offer of the Union more reasonable and therefore adopt the Union's final insurance offer.

In addition, I am not persuaded the prerequisites for a status quo proposal have been met. Therefore, that consideration did not enter into my deliberations.

AWARD

Having considered all the evidence in accordance with the applicable provisions of the Illinois Public Labor Relations Act, I have made the award set forth below. The Collective Bargaining Agreement shall be modified to incorporate this determination.

1. The Union's final wage offer is adopted.
2. The Union's final insurance offer is adopted.

All tentative agreements are to be incorporated into this award and the award shall become a part of the new Labor Agreement.

All other existing contract language shall remain in full force and effect.

I will retain jurisdiction for 30 days should there be any dispute involving the implementation of this award.

**William E. Sigler
Interest Arbitrator**

Issued this 17th day of May, 2011.