

IN THE MATTER OF ARBITRATION)	
)	
BETWEEN)	Marvin Hill
)	Arbitrator
THE VILLAGE OF LANSING, ILLINOIS)	
EMPLOYER)	Health Insurance
)	
-- AND --)	S-MA-11-197 (2013)
)	Pre-Trial: March 12, 2013
TEAMSTERS LOCAL 700, RECORDS)	Briefing: May 10, 2013
CLERKS, UNION)	
_____)	

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I. BACKGROUND, FACTS AND STATEMENT OF JURISDICTION

This matter involves a dispute between the Village and the police record clerks (“record clerks”) who are responsible, in part, for organizing, maintaining and distributing the records that are produced in police work. In the Union’s view, “it cannot be gainsaid that such records are often crucial in obtaining convictions of criminals, in vindicating their victims, and in proving the innocence of wrongfully accused. They are not records merely connected to a business making a profit or taking a loss: they play a crucial, even foundational, role in our criminal justice system.” (*Brief for the Union* at 5).

On April 18, 2013, the parties entered into a set of stipulated facts which, in relevant part, are as follows:

Stipulated Facts

The Village of Lansing, Illinois (“Village”) and Teamsters Local 700 (“IBT” or “Union”) hereby submit the following stipulated facts pursuant to the Settlement Agreement (reprinted, *infra*) reached between the parties in this matter:

General Background

The undersigned Arbitrator has jurisdiction over this matter and has jurisdiction to issue an expedited award on the open issue of health insurance. The only open issue in this matter is health insurance. This is the parties’ first collective bargaining agreement.

The Union represents all full-time and part-time CRT Operators (“CRTs” or “employees”) for the Village of Lansing Police Department. There are four (4) employees currently in this bargaining unit which will be affected by the arbitration award.

These four employees are currently covered by the Village-provided health insurance, which is described in Exhibit C attached hereto. Of these four employees, two are enrolled in the HMO plan (one family, one single) and two are enrolled in the PPO plan (one family, one single). The total monthly premium equivalent for the Village plans, effective May 1, 2012, is as follows:

	<u>PPO</u>	<u>HMO</u>
Single	\$566.48	\$344.56
Family	\$1,584.02	\$1,141.37

There are six (6) bargaining units represented in the Village of Lansing:

The Village’s Police Sergeants and Lieutenants are represented by the Fraternal Order of Police (FOP), Lodge 218. There are 13 employees in this bargaining unit. Effective May 1, 2012, these employees pay the following percentage of the monthly premium costs for health insurance: 9%, Single; 18%, Family.

The Village’s Firefighters are represented by the Lansing Professional Firefighters Association, IAFF, Local 3709. There are 26 employees in this bargaining unit. Effective May 1, 2012, these employees pay the following percentage of the monthly premium costs for health insurance: 8%, Single; 17%, Family.

The Village’s Police Officers are represented by the Fraternal Order of Police Labor Council. There are 38 employees in this bargaining unit. Effective May 1, 2012, these employees pay the following percentage of the monthly premium costs for health insurance: 9%, Single; 18%, Family.

The Public Works employees are represented by the International Union of Operating Engineers, Local 150 (“IUOE”). There are 28 employees in this bargaining unit. Effective May 1, 2012,

these employees pay the following percentage of the monthly premium costs for health insurance: 0%, Single; 0%, Family.

The Telecommunicators are represented by the FOP Labor Council. There are eight employees in this bargaining unit. Effective May 1, 2012, these employees pay the following percentage of the monthly premium costs for health insurance: 5%, Single; 10% Family. Effective May 1, 2013, these employees pay the following percentage of the monthly premium costs for health insurance: 7%, Single; 12%, Family.

The Records Clerks are represented by Teamsters, Local 700, who are involved with this matter. As stated above, there are four employees in this bargaining unit. These employees currently pay the following percentage of the monthly premium costs for health insurance: 4% Single, 8%, Family.

Of these six (6) bargaining units, all but one – the IUOE – are covered by the terms of the Village’s provided health insurance, as described in Exhibit C. The Village’s plan is a self-insured plan, with any savings from managed costs and wellness programs enuring to the benefit of the Village and its insureds.

IUOE’s bargaining unit contains 28 employees. The IUOE’s health insurance plan is described in Exhibit D attached hereto. Of these 28 employees, seven receive single health insurance and the remaining 21 employees receive family health insurance. Under this plan, the employees pay nothing. The Village, however, pays the following costs:

YEAR	SINGLE	FAMILY
2012	\$625.00	\$1500.00
2013	\$650.00	\$1550.00
2014	\$700.00	\$1650.00

The Village and IUOE agreed to this health insurance plan during their most recent contract negotiations in 2011. The Village acknowledges that it made a significant error in agreeing to the IUOE insurance and, if able, will no longer continue to provide this health insurance once the agreement expires. Under IUOE’s plan, the Village pays more than it would if the employees were covered by the Village’s provided health insurance, and the employees pay nothing. In addition, when the IUOE employees pulled out of the Village’s provided health insurance plan, far fewer Village employees enrolled in the HMO plan. As a result, Blue Cross Blue Shield has threatened to cancel the Village’s HMO plan because there were so few employees enrolled in the HMO, and this threat exists today.

In total, there are 237 employees covered by the Village's provided health insurance, which is described in Exhibit C. Of these 237 employees, 210 of them are covered by the PPO plan benefits and 27 are covered by the HMO plan benefits. The Village and the employees share the cost of health insurance. For employees covered by the PPO and HMO plan benefits, their health insurance premium payments remained the same for from May 1, 2010 to May 1, 2012. From May 1, 2011 to May 1, 2012, the Village's share of premium costs for the PPO plan increased by 3.83%. The Village's premium payments were reduced by .052% from May 1, 2011 to May 1, 2012 for the HMO plan. The Village provides dental insurance to employees as part of their health insurance coverage at no additional cost to the employees. Vision insurance is available for single employees at no additional cost. Employees electing to have family coverage vision insurance pay the difference between single and family coverage, which is \$30.82 per month.

Except for the 28 employees represented by IUOE, Local 150, all non-bargaining unit employees, including supervisors, managers, and department heads, are covered by the same insurance terms and conditions as the CRTs.

Union's Final Proposal on Health Insurance

The Union's final proposal on health insurance is to change the health insurance plan provided to bargaining-unit members by removing them from the Village's plan and moving them to the IBT 727 Health and Welfare fund (Teamsters Health Insurance Plan). This Plan is described in Exhibit E which is attached hereto.

The Teamster Plan is a PPO plan provided by Blue Cross Blue Shield. It includes vision and dental insurance. The current total cost per employee is \$835.00 per month for both single and family. Effective March 1, 2013 (beginning of Teamsters' Insurance Fiscal Year), the contribution rose from \$796.00 to \$835.00. Under the Union's proposal, the total cost is paid by the employer. The plan currently covers approximately 3,911 employees, 513 of which are public employees. There are 385 different public and private employers covered by this insurance. Six of these employers are public employers.

As part of its proposal, the Union has guaranteed that the health insurance premium payments made by the Village will increase no more than 10% per year. Under the Union's proposed plan the Village is granted no voice in determining plan benefits or premium levels.

If the Arbitrator awards the Union's final proposal on health insurance, the parties agree that he shall award the Village's final proposal on wages and residency, which are described below.

Village's Final Proposal on Health Insurance

The Village's final proposal on health insurance is to adopt the language proposed to the Union on May 2, 2011, which is contained in Exhibit F. As part of this proposal, employees will pay the following percentage of premium costs:

YEAR	SINGLE	FAMILY
May 1, 2012	5%	10%
May 1, 2013	7%	12%
May 1, 2014	7%	12%

If the Arbitrator awards the Village's final proposal on health insurance, he shall award the Village's final proposals on wages and residency and, in addition, shall award a one-time cash payment to each bargaining unit member of \$450.00, to be paid to such employees within 30 days of the issuance of the Arbitrator's award.

The Village's final proposal on wages is as follows:

YEAR	INCREASE
May 1, 2012*	1% increase
May 1, 2013	2% increase
May 1, 2014	2% increase

*The May 1, 2012 increase shall be retroactive on all hours worked or paid for employees employed on the date the agreement is signed by both parties.

Pursuant to these wage increases, the salary schedules will be as follows:

2012		
Classification	Yearly	Hourly
<i>Clerk/CRT Operator</i>		
Class 1-P/T		
Start To End of 3 rd Year	\$ 23,634.00	\$ 11.3625
Class 2		
To End of 5 th Year	\$ 33,022.23	\$ 15.8761
Class 3		
To End of 10 th Year	\$ 39,183.62	\$ 18.8383
To End of 15 th Year	\$ 40,358.87	\$ 19.4033
To End of 20 th Year	\$ 41,569.53	\$ 19.9854
To End of 21 st Year	\$ 42,816.02	\$ 20.5851

2013		
Classification	Yearly	Hourly
<i>Clerk/CRT Operator</i>		
Class 1-P/T		
Start To End of 3 rd Year	\$24,106.68	\$ 11.5898
Class 2		
To End of 5 th Year	\$ 33,682.68	\$ 16.1936
Class 3		
To End of 10 th Year	\$ 39,967.29	\$ 19.2150
To End of 15 th Year	\$ 41,166.05	\$ 19.7914
To End of 20 th Year	\$ 42,400.92	\$ 20.3851
To End of 21 st Year	\$ 43,673.36	\$ 20.9968

2014		
Classification	Yearly	Hourly
<i>Clerk/CRT ++ Operator</i>		
Class 1-P/T		
Start To End of 3 rd Year	\$ 24,588.81	\$ 11.8215
Class 2		
To End of 5 th Year	\$ 34,356.33	\$ 16.5175
Class 3		
To End of 10 th Year	\$ 40,766.63	\$ 19.5993
To End of 15 th Year	\$ 41,989.37	\$ 20.1872
To End of 20 th Year	\$ 43,248.94	\$ 20.7928
To End of 21 st Year	\$ 44,546.83	\$ 21.4167

The Village's final proposal on residency, which the parties agreed will be incorporated in the Arbitrator's Award, is to maintain the *status quo* language as agreed by the telecommunicators union. That language is as follows:

Employees shall be required to reside within the Village of Lansing as a condition of continued employment with the Village.

The Parties' Settlement Agreement

At the same time the parties submitted a fact stipulation (Exhibit A, reprinted), the parties executed a settlement agreement (see attached), that reads as follows:

This Settlement Agreement ("Agreement") is entered into by and between the Village of Lansing ("Village") and Teamsters Local 700 ("Union") with respect to resolving all open issues that were not agreed upon during contract negotiations.

WHEREAS, the Union represents all full-time and part-time CRT Operators ("CRT") for the Village of Lansing Police Department. There are currently four (4) members of the bargaining unit; and

WHEREAS, the Village and the Union have been engaged in extensive bargaining negotiations in an attempt to reach their first ever collective bargaining agreement. The parties, however, have been unable to reach an agreement on the issue of health insurance.

WHEREAS, the parties desire to resolve the issue of health insurance through an expedited process of interest arbitration before Arbitrator Marvin Hill as described below.

NOW, THEREFORE, the Village and the Union hereby mutually agree as follows:

Arbitrator Hill has jurisdiction over this matter and shall consider and render an expedited Award on the open issue of health insurance. Such Award shall be based upon those factors contained in Section 14(h) of the Illinois Public Labor Relations Act ("IPLRA"), to the extent they are applicable to this dispute.

The parties have waived the time limits contained in IPLRA and their right to a tripartite panel, and agree that there are no procedural impediments to Arbitrator Hill's authority to issue his Award.

Prior to the issuance of his Award, each party shall submit a brief to Arbitrator Hill stating its position to Arbitrator Hill within fourteen (14) days from the date this Agreement is executed by both parties. Each brief shall not exceed 10 pages in length.

Thereafter, Arbitrator Hill shall issue an expedited Award within seven (7) days of receipt of the parties' briefs. The written Award shall not exceed five (5) pages in length.

The parties have agreed to a stipulated set of facts, which shall be used to assist in preparing briefs and to help the Arbitrator in reaching a decision on the issue of health insurance. The Stipulated Facts are attached hereto as Exhibit A.

The parties agree that if Arbitrator Hill awards the Union's final proposal on health insurance, then he shall Award the Village's final proposals on wages and residency, which are contained in Exhibit A:

If, however, the undersigned Arbitrator awards the Village's final proposal on health insurance, the parties agree that he shall award the Village's final proposals on wages and residency and, in addition, shall award a one-time cash payment to each bargaining member of \$450 to be paid within 30 days of the issuance of his award.

The Arbitrator Award shall also incorporate all of the language that the parties have tentatively agreed upon, which is contained in Exhibit B attached hereto. To the extent the parties have agreed to additional language, which is not contained in Exhibit B, that language shall also be incorporated into Arbitrator Hill's Award. All other matters, if not tentatively agreed or addressed in this arbitration, shall be dropped by both parties.

After the award is issued, Arbitrator Hill shall retain jurisdiction for 60 days to resolve any disputes which may arise concerning the drafting of language consistent with the terms of his Award.

II. POSITION OF THE EMPLOYER

The position of the Employer, as outlined in its *Brief*, is summarized as follows:

A. Background: The Village's Workforce and the Health Insurance Plan

Management first points out that currently the Village employs approximately 237 employees in a variety of departments and units. Approximately half of the Village's employees are represented for purposes of collective bargaining. In total, there are six (6) bargaining units represented in the Village. Five (5) of these six bargaining units are covered by the terms of the Village's health insurance plan. This includes the Union's four bargaining unit members ("CRTs"). In addition to these represented employees, all non-bargaining unit employees, including supervisors, managers, and department heads are covered by the Village's health insurance plan. Every employee who is covered by the Village's provided health insurance plan pays a percentage of the monthly health insurance premium.

The Village's health insurance plan is a self-insured plan, with any savings from managed costs and wellness programs inuring to the benefit of the Village and the insureds. As part of the Village's health insurance plan, the Village provides dental insurance to employees at no additional cost. The Village also provides vision insurance to single employees at no additional cost. Employees electing to have family coverage vision insurance pay the difference between single and family coverage, which is currently \$30.82 per month.

The only Village employees who are not covered by the Village's health insurance plan are the 28 employees who are represented by the International Union of Operating Engineers, Local 150 ("IUOE"). In their most recent contract negotiations in 2011, the Village and IUOE agreed that employees would be covered by the IUOE's insurance plan, not the Village's health insurance plan. But when the IUOE employees pulled out of the Village's health insurance plan, Blue Cross Blue Shield threatened to cancel the Village's HMO plan. As a result, the Village believes it made a significant error in agreeing to the IUOE insurance and, if able, will no longer participate in the IUOE health insurance plan once the agreement expires.

B. The Parties' Health Insurance Proposals

Under the Village's proposal, the CRTs will continue to be covered by the Village's health insurance plan. In addition, the CRTs will continue to pay a portion of the health insurance premium costs. In fact, as of May 1, 2012, the CRTs will pay the same, if not less, than employees in four of the Village's other bargaining units:

In addition, under the Village's proposal, if the Arbitrator awards the Village's final proposal on health insurance, the Arbitrator must award the Village's final proposal on wages and residency and, in addition, he shall award a one-time cash payment to each bargaining member of \$450.00.

Under the Union's proposal, the employees will pay nothing towards the monthly health insurance premiums. Instead, the Village will pay the entire \$835.00 monthly premium for each employee. In addition, as part of its proposal, the Union's only guarantee is that the Village's premium costs will not increase by more than 10% each year. This is compared to the Village's health insurance premium costs, which in recent years have only increased on average, by 3.54% per year. If the Arbitrator awards the Union's final proposal on health insurance, then he shall award the Village's final proposal on wages and residency, but without the \$450.00 one-time cash payment.

C. THE VILLAGE'S FINAL OFFER ON INSURANCE IS CLEARLY MORE REASONABLE THAN THE UNION'S FINAL OFFER

1. Internal Comparability Compels Adoption of the Village's Proposal

The Administration asserts that internal comparability compels the adoption of the Village's proposal. To this end, management points out that the undersigned Arbitrator explained in *City of Danville*, No. S-MA-09-238 (Hill 2010) that "when it comes to insurance benefits, internal comparability is often the most important statutory criterion, and may even serve as the only relevant criterion." Explaining further, this Arbitrator has stated:

Generally, and invoking black-letter law in this area, there is a validity to the notion of internal consistency with respect to insurance coverage...[I]n *Village of Schaumburg & Metropolitan Alliance of Police Chapter 195* (2007), Arbitrator Tom Yeager found

compelling notions of internal consistency with respect to insurance benefits. On this subject the Arbitrator had this to say: “...As I discussed earlier, **unless there is some compelling reason why this bargaining unit should not be treated like the other bargaining units, the Village’s ability to negotiate the same provision with its other represented bargaining units should receive significant if not controlling weight in this interest arbitration.**”

City of Danville, No. S-MA-09-238 (Hill 2010) (emphasis added); *see also Village of Maryville*, No. S-MA-10-228 (Hill 2011); *City of Park Ridge*, No. S-MA-10-232 (Hill 2011).

Arbitrator Feuille, among numerous other arbitrators, has also emphasized the importance of internal comparability with regards to the selection of health insurance benefits:

Accordingly, the Panel believes that the internal comparability evidence deserves considerable weight. Unlike some other labor-management issues, this health insurance issue is the type of issue where comparisons with other City employees are imminently appropriate and useful. In this instance, other City employee’s constitute healthy appropriate comparison groups within the meaning of Section 14(h) of the Act. This internal evidence provides much stronger support for the City’s offer than for the Union’s offer.

City of Peoria, No. S-MA-92-067 (Feuille 1992); *see also City of Galena*, S-MA-09-164 (Callaway 2010); *City of Elgin*, S-MA-94-94 (Briggs 1998); *Village of Elk Grove*, No. S-MA-95-11 (Goldstein 1996); *City of Aurora*, No. S-MA-95-44 (Kohn 1995); *City of Alsip*, S-MA-93-110 (Fletcher 1995); *Village of Schaumburg*, No. S-MA-93-155 (Fleischli 1994).

In this case, it is undisputed that nearly all Village employees, including the employees in five Village bargaining units, are covered by the Village’s health insurance plan. It is also undisputed that these employees all pay a percentage of their health insurance premium for all types of coverage. Here, the Village seeks to maintain this internal consistency by proposing that the CRTs continue on the Village’s provided health insurance plan and continue sharing the cost of the health insurance premiums. Under the Village’s proposal the CRTs would pay the same, if not less, than employees in four of the Village’s other bargaining units. In addition, the modest increase to the CRTs health insurance premium contribution will be offset by the Village’s proposal to award each CRT a one-time cash payment of \$450.00.

The Union, on the other hand, seeks to abandon internal consistency, and asks to dramatically change the bargaining-unit members’ health insurance. Under the Union’s proposal, the CRTs would be the only Village employees covered by the Teamsters Health Insurance Plan. In addition, unlike the majority of Village employees, the CRTs would pay absolutely nothing for their Health Insurance Plan. The Union, however, has not offered a “compelling reason why [it] should not be treated like other [Village] bargaining units.” *City of Danville* at 49, *quoting Village of Schaumburg*. In fact, other than its desire to remove bargaining unit members from the common practice of helping to pay for their own health insurance, the Union has not offered any reason why it should be treated differently than the other bargaining units. This reason alone is neither unique nor compelling.

Without some compelling reason for deviating from the internal parity relationship among the Village's workforce, and with not a scintilla of record evidence showing that the Union's proposal is consistent with the health insurance benefits offered by external comparables, the Union has presented an insufficient justification for changing the Village's health insurance plan. Therefore, the Union's proposal should be rejected for this reason alone.

2. The IUOE Contract Does Not Justify Changing the CRTs' Health Insurance Plan

To the extent the Union relies on the IUOE contract to argue it should be treated differently than the majority of Village employees, the Union's argument is misplaced. This is because the IUOE contract does not destroy the Village's pattern of internal consistency of providing the same health insurance benefits to its employees. To the contrary, it reinforces the importance of internal consistency. When the IUOE employees pulled out of the Village's provided health insurance plan, Blue Cross Blue Shield threatened to cancel the Village's HMO plan. For these reasons, the IUOE contract cannot possibly justify treating the Union differently than the other Village bargaining units.

3. The Interests and Welfare of the Public Support the Village's Proposal

The Union represents approximately 3% of the Village's represented employees and approximately 1.7% of the Village's total work force. Yet, the Union's proposal has the potential to dramatically increase the Village's health care premium costs for the Union's four bargaining unit employees. As part of the Union's proposal, the Union's only guarantee is that the Village's health care premium costs will not increase by more than 10% per year for the next three years. For the past three years, however, the Village's premiums costs have only increased, on average, by 3.54%. Consequently, in the next three years alone, the Union's proposal has the potential of increasing the Village's health insurance premium costs for the Union's four bargaining unit employees by \$1,750.87. The following chart makes this clear:

<u>Year</u>	<u>Village's Cost- Village Proposal</u>	<u>Village's Cost- Union Proposal</u>
1-May-12	\$40,364	\$38,208
	(2012 Premium costs *12 months*blended percentage of premium costs, 92.5%)	(\$796.00 * 4 employees * 12months)
1-May-13	\$40,889.63	\$40,080.00

	(2013 Premium costs * 3.054% increase * blended percentage of premium costs, 90.5%)	(\$835.00 * 4 * 12 months)
1-May-14	\$42,337.13	\$44,088.00

Citing the above date, the Administration maintains that the Union’s proposal has the potential of dramatically increasing the Village’s premium costs, and will undoubtedly add to the Village’s administration costs associated with the insurance program.

In addition, the Union’s proposal further risks cancelling the Village’s HMO option, which 27 employees currently select and which is available to 237 employees, just so four employees can be covered under a different insurance plan.

In sum, the Union’s proposal “completely ignores the economic realities regarding the continuously rising costs of health insurance faced by employers and employees in both the public and private sector.” *City of Danville*, at p. 57. For this reason, the Union’s proposal must be rejected.

3. The Union has not Offered a Quid Pro Quo for its Health Insurance Proposal

Management contends that the undersigned Arbitrator has recognized a commonly-accepted principle of the interest arbitration process: that the party proposing to change an existing benefit “bears the burden of demonstrating a need for a change” and/or that a *quid pro quo* exists in order to justify the change. *City of Park Ridge*, at 41. The Union has offered no compelling reason for changing the existing health insurance plan. In addition, the Union has not provided any type of *quid pro quo* in order to counteract the potential increased costs associated with its health insurance proposal. Instead of offering a *quid pro quo* that will help offset those additional costs, the Union’s proposal is intentionally designed to burden the City with the additional costs and with the uncertainty of how much its health insurance premiums will increase each year, the Administration contends. Because the Union has not offered any *quid pro quo* for the proposed changes to the health insurance plan, the Union’s offer must be rejected, and the Village’s offer must be adopted by the Arbitrator. *See, e.g., City of Park Ridge*, No. S-MA-10-232, p. 42 (Hill 2011) (“I find no *quid pro quo* operative with respect to insurance concessions. Had there been a *quid pro quo* . . . the result would be different.)

III. POSITION OF THE UNION

The position of the Union, as outlined in its *Brief*, is summarized as follows:

In support of its argument that the Arbitrator should select the Union’s final offer on health insurance, the Union first points out that the factors governing the selection of final

economic offers are well-known and are found at Section 14(h) of the Illinois Public Labor Relations Act. Each applicable factor is discussed herein with an explanation as to why such favor selection of the Union's final health insurance proposal.

A. The Compensation Currently Received by the Bargaining Unit and the Interests of the Public Favor the Union's Final Offer on Health Insurance

The Union asserts it does not mean to undermine its own efforts at attaining wage increases and expanded benefits under the first collective bargaining agreement covering these employees. However, this is a low-paid group of employees and it may take more than one contract to raise its wages and benefits to an appropriate level. In the meantime, the overall compensation received by this group favors the Union's final health insurance proposal because it represents an effective additional increase in take-home pay for a group of employees who, indeed, need it. As such the Union's final offer provides an incentive for longer-term, more experienced and expert employees to remain in the unit. As such, the Union asserts that the interests and welfare of the public favors its final proposal on health insurance.

The Union further submits that one of the primary factors favoring selection of its final proposal on health insurance is that, in fact, it will mean an effective wage increase for a bargaining unit that currently receives, for the first three years of service, just over three dollars per hour above the Illinois minimum wage, even under the wage increases that will occur with the new collective bargaining agreement. To this end, for the first five years of service, the employees will not exceed \$34,356.33 even after expiration of the instant contract. Perhaps most notably, there is no-increase for employees with between 10 and 20 years of service: these employees see barely a one-dollar increase in wages during that entire 10-year period, the Union asserts.

Worse still, the Union submits, beyond year 20 the unit will get only about one dollar above what they received over the entire prior 10 years. While the Union submits that it is hopeful it will correct this situation in future contracts, the fact remains that, under the current wage system, long-term bargaining- unit employees see very little in the way of wage increases.

Further, the low wages received by this unit prior to when the Union found it were further reduced by withholdings for health insurance. The Union argues the Employer's health insurance proposal will increase those amounts by requiring the employees to pay higher percentages of their premiums, and the Arbitrator surely may infer that the premium will rise in the coming years.

If the Union's final offer on health insurance is awarded, under current conditions the employee enrolled in the family PPO would see a \$1,520.64 increase in take-home pay per year, the HMO family enrolled employee a \$1,095.72 increase, the PPO single enrolled employee a \$271.92 increase, and the HMO single enrolled employee a \$165.36 increase per year. The take-home increases for the employees enrolled in the family plans are, accordingly, particularly substantial. These figures, moreover, do not account for the take-home pay savings that would

result from increases in the premiums and employee percentage contributions under the Employer's proposal.

The interest and welfare of the public are not served by a low-paid, low morale force employees charged with the task of keeping and organizing such vital records. Rather, the public is better served by an incentivized, more highly-paid force, motivated to do well because more highly-paid. The *de facto* wage increase realized by selecting the Union's final health insurance proposal vindicates this public interest.

The other benefits received by this bargaining unit do not undercut the Union's positions that the overall compensation and public interest factors favor selection of its health insurance proposal. The overtime provision generally tracks what the Employer must do under the federal law anyway, and provides that the Employer and individual employees may agree to time-off overtime time in lieu of pay (a well-acknowledge system that can benefit the Employer). The holiday, personal, and vacation provisions, while the Union has managed to guarantee these items through the instant collective bargaining agreement and may achieve further gains in successor agreements, are the standard. Sick leave banks, but is not paid out for employees hired after 1992, and accumulated vacation is not paid out for probationary employees or if an employee is terminated for just cause, which actually might save the Employer money under some circumstances

While the bargaining unit is currently covered under the Village's health insurance plan, as already noted, the Employer's insurance proposal only increases that percentage. If the premium rises under the Village's plan, the employees see yet even a further reduction in take-home pay.

For these reasons, both the overall compensation and public interest and welfare factors favor selection of the Union's final health insurance proposal, the Union argues.

B. Internal Comparability Favors the Union's Final Offer

The Union submits that the Employer has already agreed to grant the public works employees coverage in the IUOE's health insurance plan under which the employees pay nothing, like the Union's final health insurance proposal in this case. Accordingly, internal comparability favors that CRTs should be granted a health insurance plan wherein they, too, pay no percentage of insurance premiums.

The Union anticipates that the Employer will argue that the public works and the CRTs perform services of a different variety, and that internally comparing them to the other police department (and fire) units means the Arbitrator should select the Employer's proposal. First, however, the Act requires an internal comparison of employees generally, not just among employees performing the same type of work. Second, and perhaps more importantly, though, is the fact that the CRTs are among the lowest paid employees of the entire Village as they are, by obvious inference, paid less than Police Officers, Firefighters, and Police Sergeants and Lieutenants. Accordingly, if the CRTs are only compared to police department employees,

internal comparability does not favor the Employer's proposal because of the obvious pay differential between the CRTs, and the various Police ranks.

The Union also anticipates that the Employer will argue paragraph 8 of the Stipulations, wherein it indicates that it regrets agreeing to the IUOE's health insurance, and that it pays more in premiums for the public works employees than it would under the Village's plan. However, this is no argument against the Teamsters Plan because the IUOE's family coverage premiums are far, far higher than the premium under the Teamsters Plan. *See Exhibit D* (obligating the Employer to pay \$1,450 - \$1,650 of the family premium over the contract). The IUOE contract also covers 28 employees, as opposed to the four employees covered by the instant contract. As discussed more below, under the Teamsters Plan, the Village actually pays *less under current conditions than it pays now, under its own plan*. Accordingly, whatever conundrum is presented to the Employer by the IUOE plan, it is not one applicable to the Teamsters Plan.

Accordingly, internal comparability favors selection of the Union's final health insurance proposal.

C. The Employer's Ability to Pay

The Union contends that this factor favors the Union's proposal because the Employer will see a cost-savings if the bargaining unit is covered by the Union's health insurance plan. Even if there is no cost-savings, though, this factor does not encourage selection of the Employer's proposal. Assuming the premium under the Employer's health insurance remains static in the coming years, the Union's final proposal actually saves the Employer money. Currently, the total monthly premium paid for the four unit employees amounts to \$3,636.43. Less the employees' current percentage payments, the Employer's portion is \$3,381.96. Under the Union's proposal the Employer pays \$835.00 per employee, per month, regardless of whether the employee selects single or family coverage, meaning that, in total, the Employer pays \$3,340.00 per month. Such is less than it currently pays under its plan.

* * * *

For the above reasons, the Union respectfully requests that the Arbitrator award the Union's final offer on health insurance.

IV. DISCUSSION

A. Statutory Criteria

The statutory provisions, in pertinent part, governing the issues in this case are found in Section 14 of the IPLRA:

(g) As to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly

complies with the applicable factors prescribed in subsection (h). The findings, opinions and order as to all other issues shall be based upon the applicable factors prescribed in subsection (h).

(h) Where there is no agreement between the parties,...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.

Furthermore, “It is well settled that where one or the other of the parties seeks to obtain a substantial departure from the party’s *status quo*, an “extra burden” must be met before the arbitrator resorts to the criteria enumerated in Section 14(h).” Additionally, where one party seeks to implement entirely new benefits or procedures (as opposed to merely increasing or decreasing existing benefits) or to markedly change the product of previous negotiations, the onus is on the party seeking the change.” *Village of Maryville and Illinois Fraternal Order of Police*, S-MA-10-228 (Hill, 2011).

Arguably, there are no significant “breakthrough” items in this case, although the Union’s offer on the insurance issue – changing the health insurance plan provided to bargaining-unit

members by removing them from the Village's plan and moving them to the IBT 727 Health and Welfare fund (Teamsters Health Insurance Plan) – comes close as a significant breakthrough, given the parties' history.

B. Focus of an Arbitrator in a Interest Dispute

At this late stage of interest arbitration in the State of Illinois there can be no serious dispute that arbitrators attempt (or should attempt) to issue awards that reflect the position the parties would have reached if left to their own impasse devices. Recently, one Arbitrator traced the genesis of this concept back to Arbitrator Whitley P. McCoy who, in the often-quoted *Twin City Rapid Transit Company* decision, 7 LA (BNA) 845, 848 (1947), stated:

Arbitration of contract terms differs radically from arbitration of grievances. The latter calls for a judicial determination of existing contract rights; the former calls for a determination, upon consideration of policy, fairness, and expediency, of the contract rights ought to be. In submitting . . . to arbitration, the parties have merely extended their negotiations, having agreed upon . . . [T]he fundamental inquiry, as to each issue, is: what should the parties themselves, as reasonable men, have voluntarily agreed to? . . . [The] endeavor is to decide the issues as, upon the evidence, we reasonable negotiators, regardless of their social or economic theories, might have decided them in the give and take process of bargaining.

See, *City of Galena, IL*, S-MA-09-164 (Callaway, 2010).

Similarly, Chicago Arbitrator Harvey Nathan, in *Sheriff of Will County and AFSCME Council 31, Local 2961*, S-MA-88-9 (1988), Arbitrator Nathan declared that the award must be a natural extension where the parties were at impasse:

[I]nterest arbitration is essentially a conservative process. While obviously value judgments are inherent, the neutral cannot impose upon the parties' contractual procedures he or she knows that parties themselves would never agree to. Nor is his function to embark upon new ground and to create some innovative procedural or benefits scheme which is unrelated to the parties' particular bargaining history. The arbitration award must be a natural extension of where the parties were at impasse. The award must flow from the peculiar circumstances these particular parties have developed for themselves. To do anything less would inhibit collective bargaining." *Will County Board and Sheriff of Will County* (Nathan, 1988), quoting *Arizona Public Service*, 63 LA 1189, 1196 (Platt, 1974); Accord, *City of Aurora*, S-MA-95-44 at p.18-19 (Kohn, 1995).

. . . The well-accepted standard in interest arbitration when one party seeks to implement entirely new benefits or procedures (as opposed to merely increasing or decreasing existing benefits) or to markedly change the product of previous negotiations is to place

the onus on the party seeking the change....In each instance, the burden is on the party seeking the change to demonstrate, at a minimum:

- (1) that the old system or procedure has not worked as anticipated when originally agreed to or
- (2) that the existing system or procedure has created operational hardships for the employer (or equitable or due process problems for the union) and
- (3) that the party seeking to maintain the status quo has resisted attempts at the bargaining table to address these problems.

Without first examining these threshold questions, the Arbitrator should not consider whether the proposal is justified based upon other statutory criteria. These threshold requirements are necessary in order to encourage collective bargaining. Parties cannot avoid the hard issues at the bargaining table in the hope that an arbitrator will obtain for them what they could never negotiate themselves.

Sheriff of Will County at 51-52 (emphasis mine), as cited in *City of Danville*, S-MA-09-238 (Hill, 2010); See also, *Sheriff of Cook County II*, at 17 n.16, and at 19.

Arbitrator Elliott Goldstein said it best: “Interest arbitrators are essentially obligated to replicate the results of arm’s-length bargaining between the parties, and to do no more.” *Metropolitan Alliance of Police, Chapter 471*, FMCS 091103-0042-A (2009).¹

C. Arbitral Precedent Regarding Comparability in Insurance Disputes

Especially relevant in this dispute is the fact that arbitrators give greater weight to internal comparability *vis-à-vis* external comparability when health insurance is at issue. See, e.g., *Elk Grove Village & Metropolitan Alliance of Police (MAP)*(Goldstein, 1996) (concluding: “the factor of internal comparability alone required selection of the Village’s insurance proposal.” Goldstein observes that arbitrators “have uniformly recognized the need for uniformity in administration of health insurance benefits.”); See also, *Loess Hill Area Education Agency No. 13 & Loess Hills AEA No. 13 Education Association, PERB CEO #27/1* (Gallagher, 2008)(“Regarding the Agency’s argument that internal comparables should be more compelling on the insurance issue, this Arbitrator generally agrees.” *Gallagher* at 13. Arbitrator Gallagher further notes: “significant changes in benefits should be bargained for and agreed to in

¹ See also, *City of East St. Louis & East St. Louis Firefighters Local No. 23*, S-MA-87-25 (Traynor, 1987), where the Arbitrator, back in 1987, recognized the teak of determining where the parties would have landed had management been able to take a strike and the union able to withhold its services. In Arbitrator Traynor’s words:

Because of the Illinois law depriving the firefighters of the right to strike, the Union has been deprived of a most valuable economic weapon in negotiating a contract with the City. There seems to be little question that if the firefighters had been permitted to strike, and did so, insisting on increased wages, public pressure due to the lack of fire protection would have motivated the City Council to settle the strike by offering wage increases.

Id. at 11.

the give-and-take of negotiations.” *Id* at 14); *Winneshiek County & UE Local 869 (Roads Unit)*, PERB CEO #463/2 (Feuille, 2008)(selecting County’s insurance proposal providing no contribution for dependant health insurance, reasoning that internal comparables indicate “the County had not ever contributed toward the cost of dependant insurance for any of its employees.” *Feuille* at 22); *Dubuque Community School District & Dubuque Education Association* (Thompson, 2011)(rejecting employer’s proposal for greater contribution, reasoning: “The Arbitrator is reluctant to change the insurance based upon internal comparability, especially given the fact that other employees receive 75%, not the 71% noted in the Employer’s arbitration position.” *Thompson* at 12); *AFSCME Council 61 & City of Cedar Rapids, IA, PERB CEO #113/2* (T. Gallagher, 2010)(“the use of external comparisons when determining health insurance issues has diminished relevance because of variations from city to city in health insurance plan benefits and in wages and other forms of direct and indirect compensation.” *Gallagher* at 17); *City of Iowa City, IA & Police Labor Organization of Iowa City, PERB CEO #338* (Jacobs, 2011)(“Finally, as many arbitrators have noted, health insurance is uniquely specific to each public employer. It may not be completely accurate to compare ‘costs’ without comparing the plan themselves along with a variety of other factors in comparing them. *This is why internal consistency is generally the most important factor for such a fringe benefit because of the unique history of each such plan may have and how it may have changed over time with differing concessions, bargaining history and negotiated changes in exchange for other things across jurisdictional lines.*” *Jacobs* at 10; emphasis mine).

D. Applying the Statutory Criteria, the Administration Advances the Better Argument Regarding its Health Insurance Proposal

As noted, nearly all Village employees, including the employees in five (5) Village bargaining units, are currently covered by the Village’s health insurance plan. It is also undisputed that these employees all pay a percentage of their health insurance premium for all types of coverage. In addition to these represented employees, and favoring the Employer’s final offer, all non-bargaining unit employees, including supervisors, managers, and department heads are covered by the Village’s health insurance plan. Every employee who is covered by the Village’s provided health insurance plan pays a percentage of the monthly health insurance premium. Accordingly, the Village seeks to maintain this internal consistency by proposing that the CRTs continue on the Village’s provided health insurance plan and continue sharing the cost of the health insurance premiums. As pointed out by management, under the Village’s proposal the CRTs would pay the same, if not less, than employees in four of the Village’s other bargaining units. In addition, the modest increase to the CRTs health insurance premium contribution will be offset by the Village’s proposal to award each CRT a one-time cash payment of \$450.00.

In contrast, under the Union’s proposal (which mandates removing all bargaining-unit members from the Village’s plan and moving them to the 727 Health and Welfare Fund, which, again, is a Blue Cross/Blue Shield PPO plan including vision and dental insurance), the CRTs would be the *only* Village employees covered by the Teamsters’ Health Insurance Plan. More importantly, unlike the majority of Village employees, the CRTs would pay absolutely nothing

for their health insurance. The Union, however, has not offered a compelling reason why it should not be treated like other Village bargaining units. Also, the Union has not provided any type of *quid pro quo* in order to counteract the potential increased costs associated with its health insurance proposal.

There is yet another consideration favoring the Employer's final offer. Aside from any considerations regarding the potential of dramatically increasing the Village's premium costs, but awarding the Union's final offer will potentially add to the Village's administration costs associated with the insurance program. To this end, under the Union's 727 Blue Cross/Blue Shield PPO proposal, the Village would have to maintain and administer three (3), separate and distinct insurance plans. To make matters worse, neither the Village nor the bargaining-unit employees would benefit from any cost savings that might occur in the future under the Union's health insurance plan. As asserted by the Employer, the Administration would have absolutely no role in administering the plan, would have no ability to keep costs low, and would have no ability to modify the plan in order to adjust to changing.

With respect to the existence of the IUOE contract, involving some 28 employees and covered under the IUOE's health insurance plan (under which the employees pay no premiums), while favoring the Union's proposal, the IUOE situation is not dispositive of the issue. The Village acknowledges that it made a significant error in agreeing to the IUOE insurance and, plans to bargain with IUOE when the agreement expires so that these employees will be put back into the Village's insurance plan. Bottom line, this contract does not diminish the Administration's argument regarding the importance of internal comparability.

What of the Union's argument that its proposal should be awarded because the unit is already a low-paid unit, which is deserving of an increased benefits package, and such an increase vindicates the public interest? (See, *Brief for the Union* at 3-5)("[T]he overall compensation received by this group of employees favors the Union's final health insurance proposal because it represents an effective additional increase in take home pay for a group of employees who, indeed, need it."). The Union, as agent for the bargaining unit, *albeit* only four full-time employees, has every right to advance the overall economic interests of the unit employees. Still, other considerations are operative under the statute and, at times, they will trump the Union's interest in improving the effective wage package for its members. The focus of the Union will be to increase the benefit package in successor collective bargaining agreements where the same arguments will likely emerge.

* * * *

Applying the statutory criteria found in Section 14(h) of the Illinois Public Labor Relations Act, the following award is entered:

V. AWARD

The Employer's final offer on health insurance (where the employee will pay five percent for single coverage for the first year of the contract, and seven percent for the next two years, and ten percent for family coverage for the first year of the contract, and 12 percent to the next two years) is awarded which, according to the parties' stipulated agreement, also includes the Village's final proposals on wages, residency and a one-time cash payment to each bargaining unit member of \$450, to be paid to such employees within 30 days of the issuance of the Arbitrator's award.

Dated this 20th day of May, 2013, at
DeKalb, Illinois, 60115.

Marvin Hill
Arbitrator