BEFORE THE ARBITRATOR

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| In the Matter of the Arbitration<br>of a Dispute Between<br><br>ILLINOIS FRATERNAL ORDER OF POLICE LABOR COUNCIL<br><br>and<br><br>MENARD COUNTY AND MENARD COUNTY SHERIFF | No. S-MA-14-049 and<br>S-MA-14-050 |

Appearances:

Mr. James Daniels, Attorney, Illinois FOP Labor Council, on behalf of the Union.

Mr. J.A.C. Knuppel, Chief Labor Counsel, State's Attorneys Appellate Prosecutor, on behalf of the Employers.

## ARBITRATION AWARD

The above-entitled parties, herein "Union" and "Employers," engaged in negotiations for a successor collective bargaining agreement running from 2013 to 2016. They reached agreement on all issues except for wages and health insurance premium contributions.

Pursuant to Section 14 of the Illinois Public Labor Relations Act, herein "Act," the parties selected Raymond E. McAlpin to serve as the arbitrator and a hearing was held on December 12, 2014, in Petersburg, Illinois at which time it was not transcribed. Arbitrator McAlpin subsequently became unavailable to issue an award and the parties selected Amedeo Greco to replace him. The parties subsequently filed briefs which were received by March 10, 2015.

## BACKGROUND

The Union represents for collective bargaining purposes two separate collective bargaining units covered by the same agreement consisting of all four full-time sworn Deputy Sheriffs, (Unit A), and all eight full-time Correction Officers/Dispatchers, (Unit B).

The parties have agreed that all previously agreed-to tentative agreements are to be incorporated in this Award. Those agreements relate to non-discrimination; sick leave; leaves of absence; residency and duration, (Employers' 2, A). The parties also have agreed to employee contributions to individual health care premiums for 2013 and 2014.

## FINAL OFFERS

A. **WAGES**

The Employers' wage offer is as follows:

### ARTICLE 23 – WAGES

**Section 1. Probationary Rates of Pay**

The following hourly rate of pay shall establish base pay for the first twelve (12) months of hire. Following successful completion of the twelve (12) month probationary period, the following hourly rate of pay shall establish base pay for the term of this Agreement:

| **CO/TC** | **Start** | **After 1 Year** | **DEPUTY** | **Start** | **After 1 Year** |
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| **12/1/13** | **30,000** | **31,500** | **12/1/13** | **34.500** | **37,500** |

**Section 2. Annual Rates/Deputy**

**All Deputy Bargaining Unit members shall receive a 2% increase to their current pay rates retroactive to 12/1/13, 2% increase effective 12/1/14, 2% increase effective 12/1/15 and a 2% increase effective 12/1/16.**

**Section 3. Annual Rates/Corrections/Telecommunicators**

**All CO/TC Bargaining Unit members shall receive a 2% increase to their current pay rates retroactive to 12/1/13, 2% increase effective 12/1/14, 2% increase effective 12/1/15 and a 2% increase effective 12/1/16.** (Er. Ex. 2A)

The Union's wage offer is as follows:

**ARTICLE 23 – WAGES**

**The following wage increases shall be made retroactively to the wages of all employees, past and present, for all hours worked:**

**December 1, 2013 – 2.75%**
**December 1, 2014 – 2.75%**
**December 1, 2015 – 2.75%**
**December 1, 2016 – 2.75%**

B. **HEALTH INSURANCE**

The Employers' Final Offer is as follows:

**Section 1.**

~~The Employer agrees to provide at no cost to the employee, 100% coverage, single employee health insurance under the Blue Cross Blue Shield Plan (insert Plan name here)~~. **Employees will begin to pay (5%) toward the individual monthly premium 12/1/14, begin to pay 7.5% on 12/1/15, and continue to pay 7.5% on 12/1/16.** Employees shall be responsible for all costs related to dependent coverage.

All insurance advisory committee meetings shall be posted in each department and members notified in writing or by email, at least two business days in advance of this meeting. If the insurance advisory committee recommends by majority vote to change health insurance plans to an alternative health insurance plan, then the Employer may change health insurance plans to something other than the current ~~Blue Cross Plan~~ **Hope Trust Health Plan**. In the event of change in health insurance plans, the new coverage must be substantially the same in coverage and benefits (including deductibles and out-of-pocket expense limits) as compared to the ~~Blue Cross~~ **Hope Trust Health Plan** in effect as of January ~~2010~~ **2014**. The plan may be offered by a company other than ~~Blue Cross~~ **Hope Trust Health Plan.**

**The parties agree to implement the Hope Trust Health Care Plan, with its $500 Individual/$1500 Family In Network deductible, effective January 1, 2014. The parties agree that implementation of the Hope Trust Health Plan shall not impact or waive either party's right to bargain other aspects of health insurance, including premium cost sharing for single and dependent coverage. The parties also agree that in the event alternative health insurance plans are researched and reviewed, the Agreement's Health insurance may be amended through bargaining, including impasse resolution procedure.** (Er. Ex. 2A)

The Union's Final offer is as follows:

Article 32. Health Insurance

The Employer agrees to provide ~~at no cost to the employee, 100% coverage, single~~ employee health insurance under the ~~Blue Cross Blue Shield Plan~~ **current Hope Trust Health Care Gold Plan, with its $500 Individual/ $1500 Family In Network deductible. Covered employees shall contribute 5% toward the monthly individual health insurance premium as of December 1, 2014.** Employees shall be responsible for all costs related to dependant coverage . . .

(Un. Ex. 7)

Both parties agree to delete Section 3 Insurance Re-openers.

## POSITIONS OF THE PARTIES

The Union maintains that its Wage Offer should be adopted because of the "deep disparity" between bargaining unit members and their peers in comparable communities. The Union adds that adoption of its Wage Offer calling for 2.75% annual wage increases will still leave its members below the average at most steps, and that the Employers' Offer of "2% annual raises would leave the deputies' pay disparity virtually unchanged over time." The Union also states its offer "will not unduly burden the County because its beginning fund balance can cover it; because revenues are "strong"; because the County carries very little debt"; and because recent audits show the County's "solid financial state." It also asserts that its Wage Offer "is justified by not one but two large insurance concessions that it has agreed to relating to substantial deductible and premium payments for its members."

As for its Health Insurance Final Offer, the Union points out that it agreed in 2013 to reopen the contract and to switch from the Employers' self-insurance plant to Hope Trust Health Care Plan per the Employers' request, and that it then agreed to a $500 individual deductible and a $1,500 family deductible which marked the first time its members had to pay deductibles. The Union also states that it now has agreed to a 5% premium contribution and that "instead of leaping immediately to 7.5%" as proposed by the Employers, it wants to "hold its obligation to 5% for this contract." The Union further states that the external comparables support its proposal, and that the very high 30% shared premium paid by employees in other County bargaining units shows that "the Employer has not been able to effectively manage its costs."

The Employers counter that "The statutory factors favor the Employers' final offer in wages" and that the County already is spending more on the Sheriff's Department than most other external comparables, and that adoption of the Union's offer will only make "their problem worse." The Employers also state that their proposal is supported by the internal and external comparables; by the overall compensation and "enormous fringe benefits" the County already is paying; by the Consumer Price Index (CPI); and by "Other Factors" relating to the Union's bargaining tactics.

The Employers add that "The statutory factors favor their Final Offer" on health insurance because it is supported by the internal and external comparables. They also assert that the overall compensation shows that “the County will be forced to pay much more for the Sheriff’s employees health coverage than for any other employees” – i.e. $812 per month versus $599 per month for all other employees.

## DISCUSSION

The statutory criteria in Section 14(h) of the Act provides:

> . . . As to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more clearly complies with the applicable factors prescribed in subsection (h). The findings, opinion and order as to all other issues shall be based upon the applicable factors prescribed in subsection (h).

**5 ILCS 315/14(h)**

> 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:
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> (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.

There are no issues here concerning the factors relating to the lawful authority of the Employers; the stipulation of the parties; the comparison of the wages, hours and conditions of these employees with employees in private employment in comparable communities; or to changes in any of the foregoing circumstances during the pendency of the arbitration proceeding.

Factor 3 relating to the interests and welfare of the public does not favor either party since the amount in dispute will not materially affect the Employers' finances if the Union's Final Offers are accepted.

Furthermore, the Employers have the financial ability to pay the Union's Final Offers under Factor 3. Employers' Exhibit 3, B, shows that Menard County ranks number one among the external comparables regarding medium household income; per capita income; and medium home value. In addition, the County's FY 2014 fund balance was about 1.98 million dollars; its sales tax revenues have increased; Medicaid benefits are increasing; and a large courthouse building project is nearly complete, thereby freeing up more revenues.

In this connection, the Employers assert that about 42% of the County's annual general fund budget is designated for the Sheriff's Department which is higher than the 35% average fund budget allocated for most other comparable Sheriff Departments, and that adopting the Union's wage proposal "only makes this problem worse."

Given the relatively small size of the bargaining units, (12 employees), I find that the difference between the parties' Final Offers is too small to have any significant effect on the Employers' ability to pay.

As for the CPI, the 12-month September 2013 – August 2014 period was 1.6% for the Midwest Region, which is less than the 2.75% annual wage increases the Union seeks, thereby supporting the Employers' Final Offers.[1] However, some employees here experienced significantly higher health care costs in 2014 when the Union voluntarily agreed to $500 individual deductibles and $1,500 family in-network deductibles, thereby mitigating to some degree the applicability of this Factor for employees who took that health insurance.

Pointing to Factor 8 relating to "other factors," the Employers claim that the Union has not acted in good faith in negotiations and in bringing this matter to arbitration.

The record does not bear out this claim.

This matter therefore primarily turns on Factor 4 relating to external and internal comparability and Factor 6 relating to overall compensation.

The internal comparables consist of a bargaining unit of Highway Department Maintenance Workers represented by the Teamsters and the EMS bargaining unit represented by the International Association of Firefighters/Paramedics.

The external comparables consist of Cass County, DeWitt County, Greene County, Hancock County, Mason County, Mercer County, Pike County and Warren County.

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[1] Employers' Exhibit 10, A.

Turning first to the wage issue, the Employers' Final Offer provides for retroactive 2% wage increases effective 12/1/13, 12/1/14, 12/1/15 and 12/1/16 which total 8% over the life of the agreement excluding compounding.

The Union's Final Offer provides for retroactive 2.75% wage increases effective 12/1/13, 12/1/14, 12/1/15 and 12/1/16 which total 11% over the life of the agreement excluding compounding.

The Union asserts that "the County cannot argue that uniformity of internal comparables supports its wage argument" because different bargaining units "will be given different increases at different times."

The Employers argue that "The Internal Comparables decisively favor the Employers' final offer" and that the start rates should not be raised because "We have no trouble finding qualified employees at the current rates."

The Union's Final Offer exceeds the unionized internal comparables. [2] The Highway Department employees received 2% wage increases effective in 2013; 1.75% in 2014; a CPI wage adjustment effective in 2015; with their wages to be determined in 2016. [3] The EMS unit has received 2% wage increases effective in 2013, 2014 and 2015, with their wages to be determined in 2016.

The internal comparables thus support the Employers' Final Offer on wages.

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[2] Non-unionized employees have received a 1.7% wage increase in 2013, a 1.6% wage increase in 2014, and a CPI wage adjustment in 2015, and they will receive a CPI wage adjustment in 2016.

[3] Employers' Exhibit 10, C, 13, 14.

As for the external comparables, the Union states that while newly hired Deputies are hired at comparable rates, they are paid about 4% below the average after five years; 7% below average after ten years; 10% below average after fifteen years; and 14% below average at the end of their career. [4] The Union also states that adopting its wage offer will still leave the Deputies behind because they will be 2.9% below average at year 5; 5% below average at year 10; 8.5% below average at year 15; and 13.4% below average at the end of their career. The Union adds that while the Correctional Officers/Dispatchers begin their careers 2% above the average and are about average with their peers at 5 years, they are 4% below the average at ten years; 7% below the average at year 15; and 13% below average at the end of their careers. [5]

The Union also asserts that the Employers' calculations are "problematic" because they only have a single column "After 15 [years of service] with no indication as to how employees compare to their peers in comparable counties at 20, 25, final step etc." The Union adds that the 2015 wages for Mercer, Pike and Warren counties are incorrect because those contracts were still being negotiated, and that certain data labeled "After" 5, i.e., or 15 years is inaccurate.

The Employers argue that they "did their best to accommodate the Union's desire for external comparability while honoring the need to maintain internal comparability"; that their start rate is above the start rate for half of the comparables; and that the five-year rate for Deputies is slightly behind the comparables, but "slightly ahead for the Corrections side." They

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4 Union Exhibit 9.

5 Union Exhibit 10.

also argue that “we did not go beyond 15 years” because only one Deputy has more than 9 years of service”; that such issues can be addressed in the next agreement; and that “There is no way to calculate what . . .” employees earn after that because of longevity payments.

The Employers further state that their offer puts Deputies “within $1,000 at every step through the first 10 years”; that they fall behind at 15 years only because “we are comparing our 9 step to others 15 year step”; and that the four-year longevity steps are not included in their calculations. The Employers add that their offer is even more favorable for the Corrections/Dispatchers unit because they will be above the average comparable through five years; because it is unfair to “compare our 9 year step to others 15 year step”; and because issues relating to steps between 8 and 20 years can be addressed in subsequent negotiations.

As for this latter point, the parties have litigated the wage issue and there is no need to put off the decision as to what bargaining unit employees between 8 and 20 years of service should earn until the next round of negotiations when it can be addressed in this proceeding.

The Employers also claim that “the Union provides no justification or evidence why their final offer should be applied to employees who have left the bargaining unit prior to issuance of the award in this case.”

I disagree. The agreement covers all bargaining unit members throughout its duration and there is no valid basis for taking away any of the retroactive wages all employees otherwise would have earned throughout the time they were employed merely because they left their employment.

Furthermore, while the parties disagree over the exact contours of the wage disparity issue, Employers' Exhibit 4, A, states that Deputies on average earn about $796 less than their counterparts in the external comparables at the start of their employment; $150 less after 1 year; $1,980 less after 5 years; $548 less after 10 years; and $2,408 less after 15 years.

The external comparables establish that the Deputies are behind at <u>each</u> step of the salary scale and thus support the Union's Final Offer on wages.

Employers' Exhibit 5, A, states that Corrections personnel and Dispatchers earn about $200 less than their counterparts in the external comparables at the start of their employment; $1,103 more after 1 year; $486 more after 5 years; $743 less after five years; and $2,936 less after 15 years.

These external comparables are split, as the Corrections/Dispatchers unit is above the average after two steps and below the average after three steps.

If the wage issue only centered on the latter bargaining unit, I would find for the Employers because the Union's overall wage offer substantially exceeds the CPI and because there is less of a need for catch-up in the Corrections/Dispatchers' unit.

However, the disparity among the Deputies bargaining unit is too great to ignore given its need to catch-up and the fact that Deputies still will be behind their peers even if the Union's wage proposal is adopted. Furthermore, they and the Corrections/Dispatchers unit voluntarily reopened their agreement in 2013 per the Employers' request, at which time they agreed to $500 individual deductibles and $1,500 family deductibles for those employees under the health plan, thereby diminishing the overall compensation for the employees affected by that switch.

I therefore find that Factor 4 supports the Union's Final Offer because the external comparables outweigh the internal comparables on the issue of what is a fair wage under the Act for the Deputies and because the Employers have the financial ability to help rectify those wage disparities.

As for health insurance, employees under the Union's Final Offer would pay 5% of the current monthly premiums which would amount to $42 in FYs 2015, 2016 and 2017. [6]

Employees under the Employers' Final Offer would pay 5% of the monthly premiums in FY 2015 which amounts to $42 a month and then 7.5% in FYs 2016 and 2017 which amounts to $64 per month.

The Union states that it voluntarily agreed to reopen the expired agreement in 2013 when it agreed to a $500 individual deductible and a $1,500 family deductible, and that the Employers have failed to give any sort "of consideration to this significant concession." It adds that it is now willing to make a second concession by agreeing to pay 5% of the monthly premium which totals and about $504 in yearly premiums and that is "significant" because it represents about 1.5% of "what most members currently earn annually."

The Employers assert that most employees have "already gotten off the County Health Plan" or "defer enough compensation to cover" the cost of the new premium, and that the County must reduce its health care costs by 2018 to avoid the "Cadillac Tax" provided for in the Affordable Care Act. They also state that it is very unfair for the employees here to pay so little towards their health care when all other County employees pay so much more and that "we are not asking these employees to pay the full 30% like everyone else."

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[6] The Union's and Employers' figures presume that the FY 2013 monthly premium of $855 will remain the same in FYs 2016 and 2017.

All the internal comparables support the Employers' proposal. The EMS and Teamsters' bargaining units will pay 30% of the monthly premium for 2014, 2015 and 2016, as will all non-union employees. [7] Those employees paid a monthly premium of $263 in 2014; they pay $303 in 2015; and they will pay $333 in 2016.

The external comparables are evenly split. Green, Mason, Mercer and Warren require their employees to pay less than the $42 - $64 monthly contribution sought by the Employers, while Cass, DeWitt, Pike and Hancock require higher contributions reaching as high as $239 per month. [8] The average monthly contribution is about $130 per month.

Given the even split among the external comparables, I find that Factor 4 supports the Employers' Final Offer because all of the internal comparables support it and because the employees here under the Employers' offer will still be paying only a fraction of what other County employees are paying for their health insurance – i.e., $64 a month while other County employees will be paying $303 and $333 a month.

The only possible basis for concluding otherwise is the fact that the Union voluntarily reopened the expired agreement and then agreed to $500 for individual deductibles and $1,500 for family deductibles. But that already has been factored in regarding the wage issue and there is no reason to factor it again regarding the health insurance issue.

Left for consideration is Factor 6 relating to overall compensation.

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[7] Employers' Exhibit 8.

[8] Employers' Exhibit 8, A.

The Employers state that their “enormous fringe benefits” package and particularly what they must pay for health insurance, establishes that “Overall compensation decisively favors the Employers’ final offer.” The Employers point out that they provide take-home squad cars; provide health insurance which costs $812 per covered employee; provide a medical reimbursement plan; provide workers’ compensation; offer paid time off; contribute towards Social Security; etc.

The Union argues that the parties’ proposals do not exist in a vacuum and that it is “willing to take on an uncapped liability” involving health insurance in exchange for its wage proposal which is aimed at lessening the above wage disparities.

But for health insurance contributions where they will be paying less than other County employees, the overall benefits for the employees here are about the same as other County employees. Furthermore, and except for the wage disparities related above, the record is unclear where the employees here stand regarding overall compensation vis-à-vis their counterparts in the external comparables.

Factor 6 thus does not favor the adopting of either party’s Final Offers.

I therefore conclude that the Union’s Final Offer on wages should be adopted and that the Employers’ Final Offer on health insurance should be adopted.

Based upon all of the above, I issue the following

## AWARD

1. The Union’s Final Offer regarding wages is selected and shall be incorporated in the agreement.

2. The Employers' Final Offer regarding monthly health insurance premiums is selected and shall be incorporated in the agreement.

3. All of the parties' Tentative Agreements shall be incorporated in the agreement.

Dated: June 1, 2015.

Amedeo Greco /s/

Amedeo Greco, Arbitrator