



INTEREST ARBITRATION DECISION

CITY OF CHAMPAIGN, ILLINOIS

NOV 01 1991

and

ILLINOIS FOP LABOR COUNCIL

ISLRB NO. S-MA-91-009

Decision: October 29, 1991

Appearances

City	David E. Krchak, Attorney Thomas, Mamer & Haughey
Union	Thomas F. Sonneborn, Legal Director Becky S. Dragoo, Legal Assistant
Arbitration Panel	Gary Bailey, FOP Representative Frederick C. Stavins, City Representative Milton Edelman, Neutral

ISSUE

As to each economic issue in dispute this panel is required by Section 14(g) of the Illinois Public Labor Relations Act (Illinois Revised Statutes, Chapter 48, paragraph 1614) to "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)."

There is only one issue, salaries. Each party's final offer proposes percentage increases in the base salaries of police officers over the three-year period of the agreement:

City's Final Offer:

- 4.25% effective July 2, 1990
- 4% effective July 1, 1991
- 4% effective June 29, 1992

Union's Final Offer

- 5% effective July 1, 1990
- 5% effective July 1, 1991

4% effective July 1, 1992

The parties have agreed to add \$600 per year to the base salary of sergeants, effective July 1, 1990 (as proposed by the Union), or beginning with the biweekly pay period that starts July 2, 1990 (as proposed by the City). The Union and the City both make this addition before applying their proposed percentage increases.

The effective dates for 1990 and 1992 in the City's final offer differ from the Union's, the City says, because salary increases normally become effective at the beginning of a pay period, and the dates proposed by the City are the beginning of the applicable pay periods.

This panel is compelled by statute to adopt the final offer of one party. Since each final offer includes an effective date, the panel can only include the effective date that is part of the offer.

TENTATIVE AGREEMENTS

Although there is but a single economic issue to be decided, the parties stipulate that the tentative agreements they reached in the course of their negotiations be made part of this award.

This is the first negotiation between these parties but Champaign police have been represented by another union, Champaign Policemen's Benevolent and Protective Association, for some seventeen years under seven collective bargaining agreements. The FOP became the certified representative in 1990. This is the first agreement between the City and the FOP.

These negotiations ranged widely, resulting in tentative agreement on forty-one (41) new or changed articles. At an earlier stage of negotiations sixteen issues were at impasse and scheduled to be heard in arbitration, but thanks to the parties' diligent efforts - for which they are to be heartily congratulated - fifteen were settled before this hearing took place.

The articles that comprise the tentative agreements are listed below by title. Where numbers exist the numbers are also listed.

Each of these articles, as initialed by the parties, is made part of this award.¹

Article 01	Preamble
Article 05	Stand-By Duty
Article 09	Field Training Officers
Article 13	Duty Injury Leave
Article 14	Leaves of Absence
Article 15	Health Insurance
Article 16	Life Insurance
Article --	Clothing and Equipment
Article 18	Miscellaneous Provisions
Article 19	Personnel Files
Article 20	Seniority
Article 21	Shift and Days Off Assignment Procedure
Article 22	Overtime Assignment Procedure
Article 23	Position Vacancies and New Internal Sub-Units
Article 25	Selection and Appointment
Article 26	Residency Requirement
Article 27	Probation and Probationary Periods
Article 28	Layoff, Bumping, Recall and Reinstatement
Article 29	Demotion and Dismissal
Article 29	Temporary Upgrading
Article --	Disciplinary Actions
Article 34	Labor-Management Committees
Article 35	Health and Safety
Article 36	No Strike or Lockout
Article --	Grievance Appeal Procedures
Article 40	Alcohol and Drug Testing

¹Not all articles have numbers. Article 29 is listed twice, once as "Demotion and Dismissal" and a second time as "Temporary Upgrading." Correcting these omissions is a clerical matter.

Article --	Holidays and Personal Leave
Article --	Hours of Work
Article --	Sick Leave
Article --	Educational Pay
Article --	Training Opportunities
Article --	Overtime
Article --	Employee Performance Evaluations
Article --	Management Rights and Productivity Standards
Article --	Vacation Leave
Article --	Officers' Fitness and Medical Testing
Article --	Authority of the Agreement
Article --	Recognition and Bargaining Unit
Article --	Dues Deduction/Fair Share/Union Business Leave
Article --	Compensatory Time
Article --	Term and Amendment of the Agreement

STATUTORY AUTHORITY

Neither Article 14, Subsection (h), nor any other provision of the Statute, requires the panel to apply every one of the eight factors listed there. Rather, in the words of that subsection, "the arbitration panel shall base its findings, opinions and order upon the following factors, *as applicable.*" (emphasis added)

Neither does the statute tell the panel which of the applicable factors is to receive the greatest weight. In fact, the statute says nothing at all about the relative weight of the factors, leaving that important - and often determining - decision up to the panel.

The first factor, *the lawful authority of the employer*, has no relevance to these proceedings.

The second factor, *stipulations of the parties*, is important only for the tentatively agreed articles which the parties stipulate are to be part of the award. No further analysis of this factor is necessary.

The third factor, *the interests and welfare of the public and the financial ability of the City to pay the proposed increases*, is not applicable because the City does not plead poverty. Although the Union introduces considerable evidence showing that the City can afford the Union's final offer, it is not necessary for the panel to comment on the Union's data and arguments on this factor. The City admits it can afford to pay what the Union asks.

For these proceedings the significant factors are numbers four (4) through eight (8), listed here in summary form:

(4) *comparative wages, hours and conditions of employment.*

(5) *changes in the cost of living.*

(6) *overall compensation currently received by employees, including direct wages, vacations, holidays and other excused time, insurance, pensions, medical benefits, the continuity and stability of employment, and all other benefits.*

(7) *changes in any of the factors while arbitration is pending.*

(8) *other factors traditionally used in collective bargaining, arbitration, mediation, and fact-finding in the public and private sectors.*

Both parties rely heavily on external wage comparisons. They compare Champaign police salaries with police salaries in other communities considered comparable to Champaign. As with just about every interest arbitration over wages, the major disagreement concerns the communities to be used for comparison.

Neither party compares Champaign police wages with wages paid to employees in private industry. The panel could assume it knows why - that no private industry employees have comparable duties - but the parties do not explain their positions.

Cost of living is also an important criterion, used by both parties. As with comparable wages, the two sides reach different conclusions. The panel's analysis probes the reasons for these different conclusions.

Internal wage comparisons are also used by both parties. Internal comparisons may not fall strictly under the fourth factor

because the wording of the statute contemplates external comparisons. But internal comparisons are widely used in collective bargaining and arbitration, so if internal comparisons do not fit under the fourth factor they certainly conform to the eighth factor.

The City relies on these three: cost of living, external comparisons and internal comparisons.

The Union also uses cost of living and external comparisons, with some attention- less than the City - to internal comparisons. The Union's use of ability to pay has already been noted, but is not part of the analysis and findings here.

The Union also attempts to assess the workload of police officers by using crime statistics and other workload measures, not as a separate factor but in comparing the workload of Champaign police with police workloads in other (comparable) communities. This item is really part of the external comparison factor.

COST OF LIVING

Analysis And Findings

The statute does not tell us why this factor - or any of the other factors - is included. But cost of living has been an important guide for negotiators in both the public and private sectors for decades, so a great deal is known about the strengths and weaknesses of this factor.

Changes in the cost of living are most commonly - and most accurately - measured by changes in the Consumers Price Index (CPI) published by the Bureau of Labor Statistics (BLS) of the U. S. Department of Labor. BLS tells us in great detail how the CPI is derived, what it measures, and what it doesn't measure, allowing the panel to properly assess the role of the CPI in appraising cost of living changes.

The CPI measures price changes of a market basket of goods and services bought by the "typical" family in the United States. BLS surveys prices once each month. Each good and service in the market basket carries a weight proportional to its importance in

the spending pattern of the "typical" family. Prices for any given month are compared to prices of the same goods and services in the base period, the years 1982-84, taken as 100.

The CPI thus measures price changes from month-to-month for a period in the past. These month-to-month changes can be combined to show changes over one year, over one quarter, or over any other past period desired.

The CPI does not tell us how many dollars are needed to buy the market basket of goods. Quite a different measure is needed to derive that figure.

Neither does the CPI tell us how prices will behave in the future, only what happened in the past. Future price changes may be estimated by extending past price changes, but this is a risky and oversimplified way of forecasting price changes.

Using cost of living as a wage factor aims at restoring the purchasing power employees enjoyed at some time in the past. If the CPI rose from 120 to 124 - an increase of 3.3% - since wages were last set, a wage increase of 3.3% would aim at restoring the purchasing power that existed at the time of the last wage increase.

This is by no means a precise measure. An employee may buy goods and services that are somewhat different from those BLS includes in its market basket. Coupons and other discounts may allow some families to secure prices lower than the "official" prices. Some families may pay higher prices than those measured by BLS, perhaps because they shop at higher-priced stores not included in the BLS survey.

Another complicating factor arises when - as with these police officers - actual earnings may include more than the base salary. Longevity, overtime, and a newly negotiated shift differential are included in gross earnings but not in the base salary.

Even though it is not perfect the CPI is the best indicator available for measuring changes in the prices of consumer goods and services.

But past cost of living changes cannot keep wages in line with (future) inflation over the life of a newly negotiated collective bargaining agreement. Rather, cost of living attempts to restore the purchasing power employees had at some time in the past, so it is backward looking rather than forward looking. The more rapid the inflation the more employees suffer, especially if cost of living increases are not granted very often.

To further complicate the picture, BLS publishes more than one CPI. In fact these parties reach different conclusions about the effects of inflation largely because they use different versions of the CPI.

The Union uses both CPI-W - the CPI for workers' families - and CPI-U - the CPI for urban residents - to calculate the effects of price increases, expressing salaries in constant dollars. The period covered is July 1989 through July 1991.

According to the Union's calculations, adoption of the City's wage offer would not restore the purchasing power police officers enjoyed in July 1989. Police would lose out to the ravages of inflation.

Using the same method of calculation, the Union contends that adoption of its wage proposal would more than restore that purchasing power.

The City reaches a different conclusion, arguing that police wages have risen more than the CPI in the period July 1, 1988, to June 30, 1990. A longer term comparison, accompanying the City's brief, shows that over a ten-year period - July 1980 through July 1990 - police salaries have increased more than the CPI.²

To reach its conclusions the City uses the CPI for the North Central Region, Class C, still a different version of the CPI, published for a group of cities in the North Central part of the

²The City compares percent changes in the CPI to percent changes in base salaries, while the Union converts base salaries to constant dollars. Both methods are legitimate and would yield the same results if the parties used the same CPI.

United States. Being slightly different than both the CPI-W and the CPI-U, the outcome is different.

Perhaps the most striking conclusion to be drawn from these calculations is one echoed by the City in its brief, that the previous union and the City did not rely solely on cost of living as a guide to wage changes. These parties don't either.

Another and perhaps more helpful finding emerges. Cost of living, whether utilizing the North Central Region CPI, the CPI-W, or the CPI-U, slightly favors the Union's position. The Union shows this in its own calculations employing both the CPI-W and CPI-U. The same result can be seen with the North Central CPI if we extend the City's calculations through July 1991, and employ the June 1991 CPI, the latest available in July. This method shows that the North Central CPI rose 5.31% from July 1990 to July 1991, while the City proposes a salary increase of 4.25%, resulting in a slight drop in the purchasing power of police salaries for that year.³

Cost of living cannot, however, be the deciding factor in the choice facing this panel. The loss of purchasing power - even as shown by the Union's own figures - was not great. Given the uncertainties in demonstrating purchasing power losses, the panel must give greater weight to other factors.

INTERNAL WAGE COMPARISONS

Background

The FOP represents one of four bargaining units of Champaign city employees. The units range in size from 109+ members in a

³The City claims that for 1990 its proposed increase is actually 4.50% and the Union's 5.25%. This result is achieved by assuming the one-time increase of \$600 for Sergeants, granted in 1990, is spread over the entire bargaining unit, amounting to 0.25% added to the parties' proposed increases for 1990.

Such a procedure gives an inaccurate picture of what really happened. Only Sergeants, not all unit members, receive the \$600. Adding 0.25% to the proposals leaves the impression that all unit members get that amount.

unit represented by AFSCME to 21 employees represented by Plumbers and Pipefitters. The FOP unit contains 91 employees.

In addition the City employs 94+ non-union workers and an unspecified number of managerial people.

The Union's brief makes no argument based on internal wage comparisons, but in its presentation at the hearing and in its hearing exhibits, the Union compares increases for this bargaining unit with increases given various managerial employees: City Manager, Assistant City Manger, City Attorney, Fire Chief, Fire Battalion Chief, Police Chief, Deputy Police Chief, and Police Lieutenant.

The crux of the Union's argument is that since 1986-87, these managerial employees have been granted larger percentage increases in their base salaries than Patrol Officers and Sergeants. Further, the increases proposed in the City's FY 90-91 budget for these managerial positions are greater than even the Union proposes for the police bargaining unit.

In addition to their base salaries, the Union points out, managerial employees receive a kind of merit bonus called "Pay for Performance" for which members of the City's bargaining units are not eligible, adding even more to the increases for these managerial employees.

The City makes its internal wage comparisons with the three other bargaining units and the 94+ non-union workers. According to the City's figures, in 1989, only the Plumbers and Pipefitters received a higher percentage increase than the FOP. But the increase for Plumbers and Pipefitters was granted in cents per hour, which the City converts to percentage for its exhibit in this arbitration. In 1990 none of the other three units received as much as the 4.5% the City proposes granting the FOP. For 1991 the Plumbers and AFSCME have signed agreements calling for a 4% increase, and the non-union employees have been granted the same amount. (As this decision is written the IAAF and the City have not settled.)

Analysis And Findings

Making internal comparisons with managerial employees may make the Union's proposal look good, but it is not the kind of comparison normally made in collective bargaining. Internal comparisons are usually made with other bargaining units or with non-union employees whose duties place them at roughly the same skill and pay levels as the bargaining unit.

Internal comparisons are important because for morale reasons an employer should not allow one group to forge far ahead or lag far behind other groups who are within the same skill and salary ranges. This is a kind of "comparable pay for comparable work" concept, applicable here in only a rather crude fashion because we do not have sufficient information on job duties to compare actual duties of employees in these five groups.

Further, we do not know the actual salaries paid to employees outside the FOP bargaining unit. This panel can only assume that at some period in the past salaries for all five of these groups were fixed so as to reflect the comparative worth of the workers in these groups.

Granting the same increases to all the groups maintains - in a rough way - the relationship between salaries established in the past. (Uniform percentage increases yield larger cents-per-hour increases to higher paid workers, but this panel does not have the authority - nor the desire - to solve the problems that result from that phenomenon.)

The City's proposal accomplishes both the morale-maintaining purpose and the "comparable pay for comparable work" purpose more closely than the Union's. For 1990 the City's proposed 4.25% is higher than the increases of any of the other groups, but the Union's proposed 5%, being still higher, is further out of line. For 1991 the City's 4% is closer than the Union's 5%.

Conditions of employment other than wages should also be compared if a true and complete picture is to be seen. But the parties do not make such a comparison nor do they supply the raw

data that would allow the panel to make it. This is probably more of a problem for external than for internal comparisons.

Overall, internal comparisons favor the City.

EXTERNAL COMPARISONS

Union Position

The FOP believes five Illinois cities are comparable to Champaign: Bloomington Peoria Decatur
 Springfield Rockford.

Of these five, *Bloomington* is put forward as the true "twin city" of Champaign, closer in all important respects than any other city in the state.

The Union includes more cities than these five in its exhibits, but does so, it says, because during negotiations the City advanced a longer list of comparables. (The City pared its list for the arbitration hearing, so some of the cities for which the FOP lists data are no longer used by the City.) The Union says it presents data on all communities once listed by the City to show that some are *not* comparable to Champaign.

The FOP relies on the following thirteen elements in determining comparability, some having sub-elements not listed here:

1. Number of taxpayers
2. Population in 1980 and 1990
3. Department size and number of officers
4. Crime statistics
5. Equalized assessed valuation in 1989
6. Financial condition
7. Tax revenues
8. Retail, service and use taxes, 1990
9. Total expenditures, 1989
10. Per capita income, 1980 and 1990
11. Median home value, 1980 and 1990
12. Aggregate tax rates, 1988

13. Unemployment rates, 1990 and 1991:

By employing all these the Union argues that Bloomington and Champaign are so closely matched that the panel would be justified in using Bloomington alone as model for police salaries in Champaign.

The Union reaches this conclusion by comparing, in table form, eleven communities - all used by the City during negotiations - on the basis of population, number of police officers, 1989 equalized assessed valuation, and sales tax receipts. This comparison shows Bloomington and Champaign to be very close.

The Union then compares Bloomington and Champaign using the other elements on its list of thirteen. The two cities are so close on all thirteen, the Union argues, that they are truly "twin cities."

Springfield, Peoria, and Decatur, the Union maintains, fall into another group not as closely allied to Champaign as Bloomington.

The Union uses several measures to support its contention that Champaign police officers carry a heavy workload. Among the eleven communities listed, Champaign ranks second, behind Rockford, in index crimes per officer.

A physical fitness program, newly installed with this collective bargaining agreement, coupled with the department's productivity system keeps police officers busy. Calls for service, the Union contends show a sharp increase of 38.87% from 1977 to 1990, with a 6.31% increase from 1989 to 1990 alone. Quoting from Chief of Police Donald G. Hanna's 1990 report, the Union notes that this increased workload took place during a period when the Department lost "22% available employee time."

City Position

The city chooses its comparable communities based on geographic location and population. It recommends using:

Urbana	Danville	Decatur
Normal	Springfield	Bloomington.

Springfield is included even though its population is more than fifty percent larger than Champaign's, the City observes, because Springfield's metropolitan area has a population similar to Champaign's.

The City argues against including Peoria - one of the Union's choices - because Peoria's population is almost eighty percent larger than Champaign's, and because the Peoria metropolitan area is seventy-seven percent larger than Champaign-Urbana's metropolitan area.

In support of its use of geographic proximity, the City contends that cost of living is likely to be closer in cities that are close geographically than in cities farther apart. For that reason Urbana should be included on any list of comparable populations, says the City.

The City cautions the panel against comparing the duties of police officers in Champaign with the duties of police officers in any other city. The record simply does not contain strong enough evidence to support such a comparison.

Statistics on index crimes and calls for service - both introduced by the Union - suffer serious deficiencies as measures of police workload, says the City. The City cites portions of the Illinois Uniform Crime Reporting Program, especially a section called "Considerations for Interpretation," which, the City maintains, support its position that these crime statistics are not a good measure of workload.

Statistics on calls for service are misinterpreted by the Union, the City argues. The Union focuses on only one year's change, 1989 to 1990, which shows an increase of 6.31% in calls for service. But 1989 is out of line. Between 1988 and 1990 the increase was only one-half of one percent, not statistically significant, the City contends.

Analysis And Findings

External comparisons have a long and honorable history in interest arbitration. They are an important guide to wage setting.

Even though the Statute does not tell us why this factor is included, application of some labor market and consumer market principles helps answer the question.

It is not surprising that identification of comparable communities gives rise to considerable controversy. If the parties could agree on the comparable communities they would probably also agree on wages.

What elements make communities comparable? And why should wages be the same or similar in comparable communities? These are the key questions.

One rather obvious element that makes communities comparable is their location in the same or closely connected labor markets. If two or more cities compete for the same pool of workers one community is not likely to lag far behind the others in salaries and other forms of compensation.

This element forms the basis for using geographic closeness as one test of comparability.

But compensation is also influenced by job duties. If police officers in different cities do not perform the same or quite similar functions, equal - or almost equal - compensation is not justified.

Some of the elements commonly used to measure comparability may be regarded as stand-ins for job duties. Cities of equal population are usually considered comparable because population is an important influence on job duties. Department size and number of police officers, particularly in relation to population, also influences workloads. These gauges are very rough, subject to many limitations, but in the absence of more specific measures of workload they can serve.

More direct measures of police workloads are not uniformly employed, witness the failure of these parties to agree on index crime statistics and calls for service as proper measures of workload. Yet these measures, despite their shortcomings, allow a useful evaluation of workload.

Many of the elements and sub-elements used by the Union are really measures of ability to pay, not at issue here. This is certainly true of number of taxpayers, financial condition of the cities, tax revenues, per capita income, aggregate tax rates, and perhaps other of the Union's elements.

All of this argues that the City's use of geographic proximity and population is more significant for this case than are the Union's thirteen elements with their various sub-elements. We are not trying to determine which cities anywhere in the state are similar to Champaign on a wide variety of elements. Rather it is a matter of deciding which cities are most likely to influence Champaign salaries.

Because of its closeness to Champaign, Urbana is certainly a comparable community, despite differences between the two communities. The two are part of the same labor market and also part of the same consumer or shopping market. From an economic standpoint they belong together.

The six communities proposed by the City are more likely to exert influence on Champaign than the single City, Bloomington, proposed by the Union. Even adding the Union's second tier of cities - Springfield, Peoria and Decatur - does not produce a group with as strong an influence as the city's six comparables.

Of the city's six, Springfield is perhaps the least influential, but the six together present a better picture of police compensation in that part of central Illinois than the Union's approach. The Union agrees with the City in proposing Springfield, but also includes Peoria, which is farther away and, as the City notes, is considerably larger than Champaign-Urbana.

The City no longer requires police officers to live in Champaign, asking only that their place of residence not affect their attendance. The influence of geographically close communities is thus enhanced.

There are two ways to use the pay figures from comparable cities. One is to compare wage increases in other communities with those in Champaign. Percentage, rather than cents-per-hour

increases have been granted in the comparable communities so these are easily contrasted with Champaign's increases.

The second approach is to contrast the actual salaries in the comparable cities with those in Champaign. Are they about the same and will the proposed increase allow Champaign to maintain its relative standing among the comparable cities?

The City uses a weighted average of salaries, salaries weighted by the number of police officers in each of the comparable communities, excluding Champaign. It is not clear just what meaning should be attached to this weighted average. The City contends that it reflects the relative importance of the comparable communities, but from a statistical standpoint it is not certain that this is so, nor is it certain that the larger communities exert a stronger influence.

But the weighted averages need not be used. Champaign's ranking in relation to the comparable communities is more significant.

The City's table showing the relative ranking of communities in its comparable group, even without using the weighted averages, shows that Champaign's rank holds up well for 1989 and 1990.

For 1991 the City assumes that Normal and Decatur will grant a wage increase of 4.16%, the average increase in cities whose salaries are known, even though Normal and Decatur were still in negotiation when the table was prepared. This is a questionable device. However Champaign rankings are not greatly altered by eliminating these two places.

The Union points out that starting salaries for Champaign police officers are high relative to other cities, placing them first among comparable cities, whether it is the Union's comparables or the City's. But the greater the seniority of Champaign police the farther behind other cities they find themselves.

The Union argues that adoption of its offer would help cure this defect.

The Union is partially correct, there would be a small improvement by adopting the Union's offer. More important, however, this defect cannot be greatly changed by a general wage increase, even one that gives equal percentage amounts to all officers. Except for Sergeants there is no evidence that the parties intended to give a special boost to the salaries of long service officers. Had the negotiators planned to eliminate or even to lessen this disparity special increases for long-service officers would have been negotiated in the same way the \$600 increase for Sergeants was negotiated.

In summary, the panel finds the City's list of comparable communities to be more significant than the Union's. External comparisons, therefore, favor adoption of the City's offer. This finding is reinforced by internal comparisons which also favor adoption of the City's offer. Although cost of living slightly favors the Union's position, the other two factors more than offset the influence of cost of living.

AWARD

1. The City's final offer is adopted.
2. The tentative agreements reached through negotiation and listed earlier in this decision are made part of this award.

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Gary Bailey
Concur Dissent

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Milton Edelman

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Frederick C. Stavins
Concur Dissent