

**AWARD OF ARBITRATOR**

In the Matter of Interest Arbitration  
between the  
City of Elmhurst  
and the  
Illinois Fraternal Order of Police  
Labor Council, Lodge No. 81

Findings of Fact,  
Opinion, and Award  
by  
Arbitrator  
Peter Feuille  
in  
FMCS No. 92-27609

Date of Award: July 2, 1993

**APPEARANCES**

For the City:

Mr. R. Theodore Clark, Jr., Attorney  
Mr. Thomas P. Borchert, City Manager  
Ms. Marilyn Gaston, Finance Director  
Mr. John Millner, Chief of Police  
Lt. Peter Smith, Elmhurst Police Department

For the Union:

Mr. Thomas F. Sonneborn, Attorney  
Ms. Becky Dragoo, Legal Assistant  
Mr. David Trinkka, Field Representative  
Mr. Donald Avery, Lodge President  
Mr. Charles Retusnic, Lodge Representative  
Mr. Gregory Breeze, Lodge Representative  
Mr. Robert Wanderer, Lodge Representative

**INTRODUCTION**

During 1992 the City of Elmhurst ("City") and the Illinois Fraternal Order of Police Labor Council, Lodge No. 81 ("Union") negotiated for a successor collective bargaining agreement to replace the 1989-92 contract that expired on April 30, 1992 (Joint

Exhibit 1 ("JX 1")). During these negotiations and subsequent mediation, the parties were unable to reach agreement on all items. Consequently, because the bargaining unit members are police officers, the parties processed their negotiating dispute according to their "Alternative Impasse Resolution Agreement" (JX 1, Appendix A) and Section 14 of the Illinois Public Labor Relations Act (the "Act"). Specifically, in October 1992 the parties selected and the Federal Mediation and Conciliation Service appointed the undersigned to serve as the Arbitrator in this dispute.

The parties and the Arbitrator held a prehearing conference on November 20, 1992 in Elmhurst. At this conference the parties made substantial progress in resolving their impasse. However, the impasse persisted, and the parties agreed to hold an arbitration hearing on February 16, 1993. At this February 16 hearing the Arbitrator and the parties' representatives were in attendance, all testimony was taken under oath, and a verbatim stenographic record kept and a transcript subsequently produced. At this hearing both parties had complete opportunity to present all the information they deemed appropriate on the impasse items.

Prior to the hearing the parties stipulated that this impasse is limited to four issues (salaries, retroactivity, medical and dental insurance, and life insurance), and the parties also waived the tripartite panel arbitration format and agreed that the Arbitrator would have the authority to decide the issues (JX 2). At the hearing the parties stipulated that the four arbitral

issues are economic issues within the meaning of Section 14(g) of the Act (Tr. 7), and the parties modified their "Alternative Impasse Resolution Agreement" to allow for the submission of revised last offers of settlement within the meaning of Section 14(g) of the Act, with such offers to be postmarked on or before March 12, 1993 ("Addendum to the Alternative Impasse Resolution Agreement"). The City submitted a revised post-hearing final offer on each issue and the Union declined to revise any of its final offers submitted at the hearing. After the parties submitted such last offers, the parties submitted post-hearing briefs and additional documents and correspondence to the Arbitrator. The Arbitrator's final receipt of these post-hearing materials on May 17, 1993 marks the closing date of the hearing.

#### STATEMENT OF IMPASSE ITEMS

As noted above, by mutual agreement there are four items on the arbitral agenda: salaries (Article XII), retroactivity (Article XII), medical and dental insurance (Article XIII), and life insurance (Article XIII). Also as noted above, these are economic items within the meaning of Section 14 of the Act. Neither party made any claim that any of these impasse items are outside the scope of the Arbitrator's jurisdiction.

By mutual agreement, the parties submitted all of their tentatively agreed-to items into the record as part of JX 2, which are incorporated into this Award by reference. In addition, the parties also agreed upon a three-year duration for the successor

contract (JX 2), and they agreed this successor contract will contain a reopener for the third year (City correspondence to Arbitrator dated May 11, 1993).

#### ANALYSIS, OPINION, AND FINDINGS OF FACT

Section 14 of the Act, and the parties' Alternative Impasse Resolution Agreement (JX 1, App. A), requires the Arbitrator to base his arbitration decisions upon the following Section 14(h) criteria or 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 these 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.

The Act does not require that all of these criteria or factors be applied to each unresolved item; rather, only those that are "applicable." In addition, the Act does not attach weights to these factors, and thus it is the Arbitrator's responsibility to decide how the applicable factors should be weighted.

Section 14(g) of the Act requires the Arbitrator to adopt the last offer of settlement on each economic issue which, in the Arbitrator's opinion, more nearly complies with the applicable factors. In other words, this is final offer arbitration, and the Arbitrator is constrained to selecting either the Union or City final offer on each issue, without modification.

#### 1. Salaries (Article XII)

The 1991-92 salaries for bargaining unit members are specified in Section 1 of Article XII as follows:

<u>Step</u>	<u>Annual Salary</u>
A	\$28,704
B	30,140
C	31,707
D	33,007
E	34,443
F	35,868
G	37,312
H	39,178

Newly hired employees start at Step A. After six months they move to Step B. Thereafter, each employee is eligible to advance one step on November 1 each year (with some restrictions). As a

result, employees reach Step G in about six years. However, employees must remain at Step G until they have accumulated 10 years continuous service with the City, at which time they are eligible to move to Step H. The record shows that 70 percent of the unit members (36 of 51) are at the top two steps (Steps G and H), with 28 of the 51 unit members at the top step (Step H) (City Exhibit 8 ("CX 8")).

The parties stipulated that the salary increase for the 1992-93 contract year (May 1, 1992 through April 30, 1993) shall be effective on November 1, 1992 and shall be retroactive to that date regardless of which salary offer is selected (JX 2). The parties also stipulated that the separate "retroactivity" issue is designed to address the period between May 1, 1992 and October 31, 1992 (JX 2). The parties also agreed that employees eligible for salary step advancement on November 1, 1992 shall advance on that date (Tr. 95).

The City operates on a May 1-April 30 fiscal year basis. In addition, the parties' contracts call for contract years, particularly for salary increase purposes, to operate on the same May 1-April 30 basis (JXs 1, 3).

Position of the Union. The Union proposes that salaries at all steps be increased by five percent for the 1992-93 year and an additional five percent for the 1993-94 year (i.e., May 1, 1993 through April 30, 1994), except that starting pay (Step A) shall be frozen for the 1992-93 year only (Union Exhibit 1, page 1 ("UX 1, p. 1")). For the 1994-95 year, the Union proposes a salary

reopener. The Union's proposal calls for a 1992-93 top step salary of \$41,137, and a 1993-94 top step salary of \$43,194.

The Union supports its salary offer with a variety of evidence and argument. The Union has presented an external comparability group of jurisdictions that includes Addison, Downers Grove, Lombard, Park Ridge, Villa Park, and Wheaton (UX 3). The Union says that this group of comparison cities are more similar to Elmhurst than are the comparison cities offered by the City, and thus the pertinent data from the Union's comparables should be given more weight in this proceeding. Compared to police salaries in the Union's comparison cities, the Union says that Elmhurst salaries are low (i.e., below average) and should be increased by at least five percent in each of the two years at issue in this proceeding. The Union says that the selection of its salary offer will leave Elmhurst police salaries below average at various years of service intervals (UX 3), and that the selection of the City's offer will leave Elmhurst police salaries even further below average (UX 3).

In response to the City's objection to the Union's inclusion of Park Ridge in its comparison group, the Union points out that in May 1990 an Elmhurst City Council committee recommended that Park Ridge (and a few other Cook County jurisdictions on the other side of O'Hare Airport) be included in the group of "comparable communities" selected for a position and wage classification study (UX 16).

The Union says that increases in the cost of living also support its offer. The Union's inflation data are designed to show that if the Union's salary offer is selected, most unit members will receive only a slight real wage increase for the period May 1991 through November 1992 based on salaries in effect during that 18 month period when adjusted for inflation since 1982-84 (UX 5, pp. 10-15). However, if the City's offer is selected, most unit members will receive a slight real wage decrease for this same period (UX 5, pp. 4-9). In other words, only the Union's offer allows unit members to keep up with the rate of inflation, which is a very important criterion in interest arbitration proceedings.

The Union also says that the City has the ability to pay to support its offer. The Union does not dispute that during the May 1-October 1, 1992 period the City may have experienced some financial difficulty (Tr. 33). The Union says, however, that the package of information about the City's financial condition shows that Elmhurst is in excellent financial shape: that during the past several years its revenues (of all kinds) have increased quite substantially, that actual police expenditures have routinely fallen short of budgeted police expenditures, that in 1992 the City took steps to significantly cut its expenditures and increase its revenues, and that during the past two years the City's capital outlays have increased substantially and at a much higher rate than increases on police expenditures (UX 4). The Union says that its salary offer takes effect on November 1, 1992,

in recognition of the City's mid-1992 financial difficulty, and the City's post-November 1, 1992 financial situation is sufficiently strong that the City has sufficiently ample funding to afford the Union's offer.

The Union also downplays the City's revised post-hearing salary offer. The Union says that the City is not entitled to any "credit" for this post-hearing movement, for all the City did in its post-hearing offer was transfer money from the lower salary steps to the top two salary steps. The result is that the City has offered officers in the lower steps quite meager increases for two years. Indeed, the City's post-hearing offer contains significantly fewer dollars in these lower steps than the offer the City submitted at the hearing (Un.Br. 15-20). The Union says that the City's post-hearing efforts to appear more reasonable should not influence the selection decision made on this issue. The Union moved a great deal during negotiations, the Union has put forth a reasonable final salary offer (a five percent increase each year), and there is no persuasive reason for the Union to move any further (i.e., from its five percent per year position) simply because it had the post-hearing opportunity to do so. The City did not move nearly as much during negotiations, so the Union says that it is hardly surprising that the City wants to appear more reasonable by making a last-minute, post-hearing move to make up for lost ground.

For these reasons, the Union says that its salary offer should be selected.

Position of the City. For each of the two years, the City proposes salary increases that vary by salary step. For the 1992-93 year (effective November 1, 1992), the City proposes that Step A be frozen, that Steps B-F be increased two percent, that Step G be increased 4.5 percent, and that Step H be increased 4.65 percent. For the 1993-94 year (effective May 1, 1993), the City proposes that Steps A and B be increased by two percent, that Steps C-F be increased by three percent, that Steps G and H be increased by four percent, and that effective November 1, 1993 Step H be increased by an additional 0.75 percent. The City says that its offer calls for an average four percent increase for 1992-93 and another average four percent increase for 1993-94. The City's offer calls for a 1992-93 top step salary of \$41,000, a 1993-94 top step salary of \$42,640 on May 1, 1993, and a 1993-94 top step salary of \$42,960 on November 1, 1993.

The City supports its salary offer with a variety of evidence and argument. The City has presented an external comparability group of jurisdictions that includes Addison, Downers Grove, Hinsdale, Lombard, Naperville, Oak Brook, and Villa Park. The City says that all of these jurisdictions are in DuPage County, and that these seven cities are the only comparison employers used in preceding negotiation rounds with this unit (Tr. 152-153; CX 2). The City says that this past practice deserves considerable deference. The City also says that these comparison cities deserve much more weight than the group of comparables offered by the Union, and the City strenuously objects to the inclusion of

the Cook County city of Park Ridge in the Union's comparison group because Park Ridge is outside of DuPage County, and is on the other side of Interstate 294 and O'Hare Airport from Elmhurst. The City also objects to the Union's inclusion of Wheaton, and the City says that if the Arbitrator considers Wheaton to be comparable to Elmhurst then Glen Ellyn also should be given equal weight as a comparison jurisdiction.

The City says that its group of external comparables provides very strong support for its salary offer. In 1989 Elmhurst ranked third on the top step police salary dimension in this eight-city group used for comparison (including Elmhurst) (CX 12). The City says that the selection of its offer with its \$41,000 top step 1992-93 salary will place Elmhurst second on this dimension in this comparison group for the calendar year 1992. Further, based on settlement data from Downers Grove, Lombard, and Villa Park, and using what is known about top step salaries in the other four jurisdictions and current settlement trends, the City estimates that the final \$42,960 top step salary in its 1993-94 offer will continue to place Elmhurst second on this dimension in this comparison group (C.Br. 18). The City also says that these comparison rankings will not change (i.e., Elmhurst will remain in second place) if Wheaton and Glen Ellyn are added to the comparison group. In other words, the City's offer calls for Elmhurst officers to continue to be paid above average salaries to relative to their peers. The City says that these external comparisons clearly support its salary offer.

These external comparisons become even stronger in the City's favor when holiday pay is added to the comparison calculus. Holiday pay is an important element of total compensation, and top step Elmhurst officers will receive an annual amount of holiday pay of \$2,298 for 1992-93 if the City's salary offer is selected (which holiday pay amount is computed on an employee's hourly rate of pay) (CX 17). This amount is much higher than the average holiday pay in the seven comparison jurisdictions, and it significantly boosts the total annual compensation received by Elmhurst officers compared to the peers in comparable jurisdictions (CX 17). In particular, the inclusion of this holiday pay amount significantly reduces the total pay gap between Elmhurst officers and officers in Addison, which is the City's only comparison jurisdiction that pays a higher top step salary than Elmhurst (CX 17).

The City says that internal comparability also supports the City's offer. Nonrepresented City employees received no increase of any kind for the period May 1 through September 30, 1992, and then on October 1, 1992 they received a 3.5 percent increase. They also did not receive any retroactivity money for the period May 1 to October 1, 1992. Further, the clerical employees saw their work week cut from 37.5 hours to 36 hours, and thus they suffered a cut in total pay during the May 1-October 1, 1992 period. The City's public works employees who are represented by the Service Employees International Union received an already contracted-for (in their ongoing collective bargaining agreement)

pay increase of 4.75 percent on May 1, 1992, and the SEIU declined the City's urging to consider alternatives to this increase. As a result, the City reduced the weekly work hours of this group from 40 to 37.5, and thus this group did not receive any increase in total pay. In the face of these pay freezes and subsequent 3.5 pay increases on October 1, 1992 elsewhere in City government, the City says that its 1992-93 offer of slightly more than four percent effective November 1, 1992 is more than justified. The City says that the Union's five percent offer, in contrast, is completely unjustified on internal equity grounds.

Regarding ability to pay, the City does not argue that it has a "pure" inability to pay. However, the City does emphasize the very difficult financial situation that the City encountered in early 1992. The City faced an approximate five million dollar deficit as it began fiscal year 1992-93 (Tr. 138). As a result, the City made strenuous and successful efforts to reduce expenditures throughout City government (CX 34) while at the same time imposing very substantial tax and fee increases upon City residents and service users (CX 35) to eliminate this deficit. These heroic and controversial efforts have resulted in a currently strengthened budget, but the City's balanced budget future is anything but assured. As a result, it is not in the interest and welfare of the public for the City to be required to pay the pair of five percent salary increases the Union is seeking given this recent and current set of financial circumstances.

Regarding the cost of living information, the City says that its four percent 1992-93 offer clearly exceeds the 3.2-3.3 percent rate of inflation that occurred during the May 1992-May 1993 period (C.Br. 27-28). In addition, the City's offer clearly exceeds the approximate three percent rate of inflation that occurred during the May 1991-May 1992 period of the final year of the parties' previous contract. The City also says that, in the Union inflation exhibits (UX 5), the Union ignored the effect of the 4.75 percent salary increase that officers received on May 1, 1991. The City says that the inflation evidence provides strong support for its salary offer, which will increase most unit member salaries more than the rate of inflation, and no support for the Union's five percent offer.

The City further says that Elmhurst has had no trouble attracting qualified applicants or retaining officers. In particular, the City says that 21 of the 51 current unit members have been attracted from emergency service positions elsewhere, almost all of which were municipal departments (CX 9). The City says for the period January 1, 1989 through 1992 only two officers voluntarily resigned from unit positions for non-retirement reasons, one for personal reasons and one to pursue family interests (CX 10). No officers resigned to accept police positions elsewhere during this four-year period. The City clearly pays well enough to attract and retain qualified police officers.

For these reasons, the City says that its salary offer should be selected.

Analysis. We begin by noting that no evidence submitted on the salary issue falls under decision factors (1) and (2) in Section 14(h) of the Act.

Under factor (3), the evidence shows that the City is in a financially sound enough position that the salary issue cannot be considered an ability to pay versus inability to pay issue. Although there is no information in the record that details the exact cost difference between the parties' salary offers, that cost difference is not very large compared to the cost increases contained in each offer. The cost difference between the Union's five percent plus five percent salary increases versus the City's four percent plus four percent salary increases is relatively moderate, and this cost difference of about one percent per year (plus any roll-up costs) certainly does not represent the difference between the City's ability to pay for its salary offer versus an inability to pay for the Union salary offer. In fact, given that the City has substantially tilted its salary offer in favor of the top two steps, and given that all officers in Steps A-F will eventually arrive at Step G and then Step H, the continuing cost difference between the Union's offer and the City's offer in the "out years" beyond April 30, 1994 is even smaller than one percent per year. Consequently, neither this issue nor any other issue in this proceeding will be treated as an ability vs. inability to pay issue.

There is no question that in early and mid 1992 the City faced some difficult financial circumstances. There is also no question that the City significantly cut its expenditures (CX 34) and significantly raised its revenues (CX 35) during fiscal 1992-93. These actions have significantly strengthened its financial situation. However, a determination that the City is financially strong enough to afford either salary offer provides relatively little guidance regarding which of these two offers is the more reasonable in light of all the pertinent factors under Section 14(h) of the Act. In particular, the fact that the City can afford to fund the Union's salary offer does not establish a presumption in favor of the Union's offer, for the City's ability to pay does not somehow magically translate into a conclusion that the City should pay the amounts the Union is seeking.

What is most pertinent under factor (3) is the fact that both salary offers have recognized the City's 1992 financial difficulties by calling for 1992-93 salary increases to take effect on November 1, 1992. By that time the City was in a stronger financial position than it was on the May 1, 1992 contract expiration date.

Under factor (4), we consider the external comparability evidence. Looking at the comparison cities submitted by the parties, there is some overlap. Both groups include Addison, Downers Grove, Lombard, and Villa Park (UX 3 and CX 4). The Union also submits Park Ridge and Wheaton, and the City also submits

Hinsdale, Naperville, Oak Brook, and (if Wheaton is considered) Glen Ellyn.

There is no magic formula to determine which cities are the most comparable to Elmhurst. The record shows that the past practice in prior negotiations was to use the seven DuPage cities used by the City in this proceeding (excluding Glen Ellyn) (Tr. 85-88, 152-153, C.Br. 4-6), and this practice is entitled to some deference. This practice shows that in prior negotiations the parties relied on comparisons with the seven DuPage jurisdictions that the City has used here, and there is no evidence that any other comparison jurisdictions were used. In particular, there is no evidence that any jurisdictions outside of DuPage County were used for comparison purposes.

All of the comparison cities submitted by the parties are western Chicago suburbs located within about 15 miles of Elmhurst (CX 3), and thus all share enough similarity that they all can be considered for comparison purposes in this proceeding. However, I will give primary weight to DuPage jurisdictions, for that is what the parties have done in the past.

When we look at the police officer salary levels in the comparison jurisdictions, the most appropriate salary comparison yardstick is the top step salary. The record shows that 55 percent of the unit is at this step, and it is by far the most populated step on the police salary schedule (CX 8). This is the step at which Elmhurst officers will spend most of their careers. In addition, I take arbitral notice of the fact that movement

through the salary steps tends to vary across police departments, but the top step provides us with a common benchmark across departments that usually encompasses far more officers in the departments being examined than any other single salary step. In addition, concentrating on the top step salary, instead of examining each step in the salary schedule across numerous departments, makes it possible to complete this Award with several fewer pages of analysis.

When we look at top step salary levels in the primary (DuPage) comparison jurisdictions, we see that Elmhurst ranked second in top step police salary in 1991-92 (CXs 13, 16). For 1992-93, Elmhurst will rank second on the top step salary in this comparison group no matter whose offer is selected, for neither offer will allow Elmhurst officers to overtake police salaries in Addison (the only higher-paying city in the DuPage comparison group), nor will either offer allow Elmhurst officers to fall below Villa Park, Lombard, or Oak Brook (the next higher paying cities in the primary comparison group). For the 1993-94 year, it appears that the same conclusion will apply for the entire year if the Union's offer is selected, and for the second half of the contract year if the City's offer is selected (C.Br. 17-18), though for the first half of the 1993-94 year top step Elmhurst officers will be paid slightly less than those in Villa Park if the City's offer is selected (\$42,640 vs. \$42,902).

The salary level comparisons submitted by the Union are not particularly persuasive. The first comparison set on UX 3, p. 6

(with 1991 salaries) involves a grand total of two comparison cities, one of which is Addison. The second comparison set on UX 3, p. 6 (with 1992 salaries) involves four comparison cities, one of which is Park Ridge. The inclusion of Addison and Park Ridge in these comparisons, which are the only two cities in the record that pay higher top step salaries than those proposed for Elmhurst, is the only reason that the Union averages on UX 3, p. 6 exceed the top step salaries proposed by the Union and the City in this proceeding. In addition, the analysis on UX 3, p. 7 based on hypothetical 4.5 percent increases in Addison and Lombard has been superseded by the post-hearing negotiated settlement in Lombard that has been submitted into the record (Lombard "Tentative Settlement Agreement"). The negotiated Lombard salaries did not come close the level assumed by the Union in this exhibit. (For the record, the parties will note that factor (7) in Section 14(h) explicitly allows arbitrators to consider "changes in the any of the foregoing circumstances during the pendency of the arbitration proceedings.") As a result, the two-city and four-city averages computed in UX 3 are not persuasive.

The DuPage salary level data show that Elmhurst officers are relatively well paid going into this proceeding, and they will be relatively well paid coming out of this proceeding regardless of which offer is selected. These data also show that there is no persuasive support for any claim that Elmhurst officers rank relatively low on the comparison salary scale, or that there is any need for any sort of catch-up to their peers in comparison

jurisdictions. These conclusions do not change if Park Ridge is added to the comparison mix. The inclusion of Park Ridge shows that Elmhurst officers ranked third on 1991-92 top step salaries coming into this proceeding (out of a total of 10 combined comparison cities), and that Elmhurst officers will rank third (at least during the second half of the 1993-94 contract year) coming out of this proceeding no matter which offer is selected (CX 14; C.Br. 16-19; UX 5).

When we turn to percentage salary increases, we see that the Union's offer provides for a 10 percent (uncompounded) increase at each salary step across the two years in question, except that Step A will only increase by five percent. The City's offer provides that Step A will increase by two percent, Step B by four percent, Steps C, D, E, and F by five percent, Step G by 8.5 percent, and Step F by 9.4 percent across the two years, with all of these increases uncompounded. None of these figures are adjusted for the six-month delay (to November 1, 1992) in both offers for raises to take effect during the 1992-93 year, nor is the City's Step H offer for 1993-94 adjusted for the six-month delay (to November 1, 1993) in the 0.75 percent increase.

There is sufficient contractual information in the record to examine percentage salary increases in the comparison cities for various years. This information is contained in the table on the following page. No information is presented in this table for Addison or Oak Brook, for no contractual salary increase information was available for those cities.

## POLICE PERCENTAGE SALARY INCREASES

<u>City</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
Downers Grove (May 1) (UX 13, pp. 55-60)	--	12.5--5.3% (base-to-base increases only)	8.8--5.5%
Lombard (June 1) (UX 9, p. 46; Tent. Sett. Agree.)	5.0% all steps	4.0% most steps; 4.5% top step	4.0% all steps
Villa Park (May 1) (UX 11, p. 28)	5.0% all steps	5.0% all steps	5.0% all steps
Hinsdale (May 1) (CX 37, p. 35)	--	--	4.0% all steps
Naperville (May 1) (CX 38, p. 60)	3.0% all steps	--	--
Wheaton (May 1) (UX 12, p. 38)	5.0% all steps	5.5% all steps	--
Glen Ellyn (Nov. 1) (CX 39, Attach.)	--	4.3% all steps	4.3% all steps
Park Ridge (May 1) (UX 10, p. 4)	--	5.0% lower steps; 4.9% top step	--
Elmhurst (May 1) (JXs 1, 3)	4.75% all steps	??	??

## Notes:

- I calculated these increases using the salary information in the contracts listed above. Where necessary, these percentage increases have been rounded to the nearest tenth of a percentage point. Dashes (--) indicate that insufficient information was available. Any calculation errors are mine.
- The Downers Grove salary schedule is complicated. The DG calculations were performed using only the base salary information in the far right-hand column on pages 55-60 of UX 12. As a result, the DG percentage increases listed above are the year-to-year increases in base salaries at various steps in the schedule. The largest percentage increases are at the bottom steps, the smallest are at the top step (which appears to be the single most populated step). The DG top step 1991-92 and 1992-93 base salary information in UX 12 is corroborated in CXs 13 and 14.

The information in this table shows that percentage increases in the comparison cities for which such contractual information is available supports the following conclusions. First, the 1992-93 and 1993-94 percentage top step increases have ranged from 4.0 percent to 5.5 percent, so both parties' offers are within the range of increases elsewhere. Second, the average top step increase for 1992-93 is 4.9 percent across the six cities for which 1992-93 percentage increase information is available (Downers Grove, Lombard, Villa Park, Wheaton, Glen Ellyn, and Park Ridge). Looking only at DuPage cities (excluding Park Ridge), the average 1992-93 top step percentage increase remains at 4.9 percent. Third, the average top step increase for 1993-94 is 4.6 percent (4.56 percent, to be exact) across the five cities for which 1993-94 percentage increase information is available (Downers Grove, Lombard, Villa Park, Hinsdale, and Glen Ellyn), all of which are DuPage jurisdictions. Fourth, most of the 1992-93 and 1993-94 increases provided for equal (or almost equal) increases at each of the steps in the police salary schedules in the comparison cities. The notable exception is Downers Grove, which appears to be increasing the lower steps by substantial amounts.

In addition, the City supplied information in CXs 13 and 14 that allows us to calculate the percentage increases in top step police salaries from calendar 1991 to calendar 1992 for Hinsdale and Oak Brook (two comparison cities that the Union denigrates as comparison cities; see Un.Br. 23). The top step 1992 salary in

Hinsdale is 11.3 percent higher than in 1991, and the top step 1992 salary in Oak Brook is 6.5 percent higher than in 1991 (CXs 13, 14). The Hinsdale 1992 salary took effect on May 1, 1992 (CX 37, p. 35), but there is no information about the effective date of the salary increase in Oak Brook. (In addition, the CX 13-14 data corroborate the 5.3 percent top step 1992-93 increase reported for Downers Grove in the above table.) There is no question that top step salary levels in Hinsdale and Oak Brook remain below the Elmhurst top step salary (CX 14). However, the percentage increases in these two jurisdictions are even higher than the percentage increases listed in the table. As a result, the inclusion of 1992-93 percentage increases for these two cities in the above table would have resulted in an average 1992-93 top step percentage increase well above five percent.

These percentage increases in comparison jurisdictions provide more support for the Union's five percent plus five percent offer at all steps (except for Step A in 1992-93) than for the City's four percent plus four percent offer which calls for a substantial tilting in favor of the top two steps at the expense of the lower steps. Although there is no ironclad internal or external practice that requires all Elmhurst salary steps to increase by the same percentage, and although the Elmhurst salary levels are sufficiently high relative to comparison jurisdictions that there is no need for "catch-up", the percentage salary increases proposed by the Union come closer to maintaining Elmhurst's relative salary position vis-a-vis comparable

jurisdictions at the various steps on the schedule during the 1992-93 and 1993-94 years than do the percentage increases proposed by the City.

The available external comparability information does not provide overwhelming support for one offer to the exclusion of the other, which is not surprising given that the offers, on average, are only about one percentage point per year apart. However, the totality of the external comparability information provides more support for the Union's salary offer than for the City's offer.

Under factor (4) we also may consider internal comparability within the City. On May 1, 1992 SEIU-represented employees received a 4.75 percent increase that had been negotiated at an earlier time. The City responded by cutting the weekly hours of this group from 40 to 37.5 so as to keep their total weekly pay unchanged (CX 11). All other City employees, including fire fighters, received no raise on May 1, 1992. Instead, these other employees received 3.5 percent raises on October 1, 1992. These raises for nonrepresented City employees were delayed until the City's finances improved. These internal comparisons provide support for both offers. The SEIU 4.75 percent raise is consistent with the five percent offered by the Union, and the 3.5 percent raises given to other City employees is consistent with the four percent average increases offered by the City. However, given that Elmhurst police officers are more comparable to police officers in other jurisdictions than to Elmhurst employees in other departments performing very different kinds of work, the

internal salary increase comparisons deserve less weight than the external salary increase comparisons.

When all the factor (4) comparison information is considered, this comparability information provides more support for the Union's salary offer than for the City's offer.

Turning to factor (5), we can compare the recent changes in the cost of living with the 1991-92 salary increase under the prior contract and with the offers before us. Using the Chicago area cost of living information, we see that during the May 1991-May 1992 period, the Chicago area cost of living increased 2.7 percent (versus 3.2 percent for the nation as a whole) (CXs 19, 21). During that period bargaining unit members received a 4.75 percent salary increase (JX 3), which was well ahead of the rate of inflation. For the 1992-93 fiscal and contract year, the City projects a 3.2-3.3 percent increase in the cost of living (C.Br. 27) based on the information in the record (CXs 19-22), and the evidence indicates that for calendar 1992 the Chicago area cost of living increased by 3.3 percent (CX 22). Assuming that this cost of living projection for the 1992-93 year is accurate, both offers provide a greater increase for unit members than the increase in the cost of living (five percent under the Union's offer, an average of four percent under the City's offer).

The Union has emphasized that its members residing below the top salary step will lose ground compared to inflation if the City's offer is selected (UX 5). For Steps A-F the Union is correct, provided that we ignore the fact that officers in these

steps advance one step each November 1 and that (based on the 1991-92 salaries listed in JX 1, p. 34) each step advancement provides at least a four percent increase in addition to whatever increases are awarded in the salary schedule.

In addition, the Union's "effects of inflation/constant dollar" analysis is based on Elmhurst 1991 and 1992 police salaries deflated back to the 1982-84 period (i.e., adjusted for inflation since 1982-84 (UX 5; Tr. 73, 75, 78)). This analysis produces current salaries deflated by changes in the cost of living since 1982-84. For the purpose of establishing 1992-94 salaries, there is a serious problem with this type of analysis. It implicitly requires a review of the cumulative effects of all the salary negotiations/increases since the baseline period (1982-84), and there simply is no persuasive justification for doing this in an interest arbitration proceeding covering the 1992-94 period. Past bargains must be considered past bargains.

When we examine the information in the above salary increase table in combination with the inflation information in CXs 19-23, we see that police salary increases during the 1991-94 period in the comparison jurisdictions could have not been based upon the rate of increase in consumer prices. All but one of the percentage increases in that table are above, and in some cases significantly above, the recent and current rates of inflation. Only the 3.0 percent 1991-92 increase in Naperville approximates the 1991-92 rate of inflation (CXs 22). As a result, the rate of consumer price inflation does not appear to be a persuasive basis

for the salary decision to be made here. Expressed another way, the fact that the City's four percent offer is closer to the increase in the cost of living than is the Union's five percent offer does not provide a persuasive basis for the selection of the City's offer.

Turning to the total compensation dimension under factor (6), we can compare Elmhurst officers' salary plus holiday pay with the salary plus holiday pay received in comparison cities. Specifically, the inclusion of holiday pay results in a significant increase in the total compensation received by Elmhurst officers compared to officers in most comparison jurisdictions. Looking at top step salaries in the DuPage comparison jurisdictions, we see that Elmhurst provides holiday pay for top step officers that is second largest in its comparison group during the 1991-92 and 1992-93 years, and is much larger than the average amount of holiday pay in this group (CXs 16, 17).

However, the advantageous holiday pay received by Elmhurst officers is a benefit that they have received continuously since at least 1986 (see Article XI, Section 3 in JXs 1, 3). There is no information in the record to indicate that Elmhurst police salary increases during the 1986-1992 period were held down or otherwise lagged behind salary increases elsewhere because of this advantageous holiday pay. On the contrary, the City's evidence shows that between 1989 and 1991 the City's top step salary position in the City's comparison group improved from third to second place (CXs 12, 13), and during this period the Elmhurst

officers received their significantly higher than average holiday pay. As a result, the relatively munificent holiday pay benefit in Elmhurst provides no persuasive basis to choose one salary offer over the other.

The parties have submitted pertinent and useful information to support their salary offers, and this combined body of information provides considerable support to both of these salary offers. This information shows that both of these offers are reasonable, and there is considerable justification for selecting either one of them. As a result, the selection decision on this issue is easily the most difficult selection decision in this proceeding (and by a large margin). If I had the authority of a conventional arbitrator I would not select either of these salary increase proposals in the form they have been presented. However, I do not have such authority. Given the final offer selection requirement, I believe that the Union's salary offer is somewhat more supported by the applicable Section 14(h) evidence than is the City's offer.

**Finding.** For the reasons expressed above, I find that the totality of the evidence on the salary issue provides more support for the Union's offer than for the City's offer.

So that there is no dispute about how this awarded salary increase will affect the two officers who retired during October 1992, the record shows that the parties have stipulated that the salaries of these two officers will be re-computed as of their last day of employment for pension calculation purposes to reflect

the five percent salary increase awarded here (Tr. 7-8; see also CX 1).

So that there is no dispute in subsequent bargaining about the meaning of the language in the 1994-95 salary reopener provision in the Union's salary offer, the record shows that this reopener language is not meant to negate the parties' Alternative Impasse Resolution Agreement (Tr. 15).

## 2. Retroactivity (Article XII)

As noted above, both parties' salary offers call for 1992-93 salary increases to take effect on November 1, 1992. The parties' prior contract expired on May 1, 1992 (JX 1). The parties have agreed to address the issue of compensation during the May 1-November 1, 1992 period through a separate issue devoted to retroactivity ("retro").

Position of the Union. The Union proposes the following retroactivity offer:

The Union's final offer regarding salary increases for FY 1992-93 shall be retroactively effective to November 1, 1992, for all hours paid.

In lieu of making the Union's FY 1992-93 salary offer retroactively effective to May 1, 1992 (the scheduled date for the 1992-93 increase), bargaining unit employees shall receive a separate bonus check in the amount of Four Hundred and Twenty-Five Dollars (\$425.00) for the period May 1, 1992 through October 31, 1992.

Persons who were bargaining unit members during the stated periods for retroactive increases and/or bonuses, but who have since separated from service, shall be entitled to receive a pro rata portion of the retroactive amounts due and shall have their salaries upon severance appropriately adjusted for purposes of pension benefits.

All retroactive amounts due to bargaining unit employees shall be paid by separate check within forty-five (45) days of the issuance of the arbitration award. (UX 1).

The Union supports this offer with the following reasoning. The Union estimates that its members would have received salary increases that averaged about \$850 during the period May 1-November 1, 1992 if the Union's five percent 1992-93 salary increase offer was selected and made retroactive to May 1, 1992 (Tr. 16). The Union argues that salary increases in interest arbitration awards in Illinois normally are fully retroactive to the date the predecessor contract expired. In this instance, the Union has recognized the City's financial circumstances during the May 1-November 1, 1992 period by agreeing that the 1992-93 portion of its salary offer will take effect on November 1, 1992. In addition, the Union says that its retro offer calls for unit members to receive only about half of the salary increase they normally could expect to receive during the May 1-November 1, 1992 period (and less than half for the majority of the unit at the top two steps). The Union says that its retro offer shares the retro burden equally with the City, and thus serves as a more than adequate recognition of the City's 1992 financial circumstances. For these reasons, the Union asks that its retro offer be selected.

Position of the City. The City proposes the following retroactivity offer:

In lieu of retroactivity for the period between May 1, 1992 and November 1, 1992, employees covered by this Agreement who were employed as of May 1, 1992 and who are still on the active payroll as of the beginning of the next

payroll period on the date of the issuance of Arbitrator Feuille's award shall receive a one-time lump sum payment of \$200.00.

The City supports its offer by emphasizing the nature of the City's financial situation in early and mid 1992. During this period the City was in difficult financial circumstances, and even the Union has acknowledged this (Tr. 33). These difficult financial circumstances caused the City to freeze the salaries of all nonrepresented City employees during the May 1-October 1, 1992 period, and it caused the City to reduce the hours of the SEIU-represented public works employees who received an already-contracted for 4.75 percent increase on May 1, 1992 so that the total weekly pay of the public works employees did not increase.

Given this background, the City says that it would be egregiously inequitable vis-a-vis other City employees for Elmhurst officers to receive the \$425 retro amount sought by the Union. Nonrepresented City employees received nothing for the five-month period from May 1 to October 1, 1992. The City's offer of \$200 is designed to more than fully compensate unit members in this proceeding for the fact that the 1992-93 salary increases in this unit will take effect on November 1, 1992, which is one month later than the October 1, 1992 date that the nonrepresented employees received their 1992-93 pay increases. However, the Union's offer seeks the equivalent of a 2.5 percent salary increase during a period when other City employees received no increase in their weekly pay. The City says there is no

justification whatsoever for such a large amount of retro money. For these reasons, the City asks that its retro offer be selected.

Analysis. Under factor (4), the internal comparability evidence involves what happened to other City employee pay during the retro period. Nonrepresented employees received no pay increases and no retro bonuses for the May 1-October 1, 1992 period. This internal comparison supports the City's offer. The SEIU-represented employees received a 4.75 percent increase on May 1, 1992 as scheduled, though the City responded by reducing their weekly work hours to keep their total weekly pay from increasing. The direction of this internal comparison with represented public works employees is not as clear-cut as it is with the nonrepresented City employees. Although these public works employees did not receive their anticipated increase in total weekly pay, they did receive their full 4.75 percentage increase in their hourly pay effective May 1, 1992.

In the instant proceeding the parties have mutually agreed to a salary increase retroactivity date (November 1, 1992) that occurred six months after the contract expiration date (May 1, 1992). For the intervening six months, the parties have submitted retro offers that call for one-time bonuses (i.e., that are not added to the salary schedule). I take arbitral notice of the fact that in Illinois interest arbitrations salary increases for the first year following the expiration of the immediately preceding contract are normally awarded on a fully retroactive basis (i.e., back to the contract expiration date), though there may be some

exceptions to this normal practice. As a result, the parties have mutually agreed to depart from the customary practice of fully retroactive salary increases in Illinois interest arbitrations. Given the City's difficult financial circumstances during the May-October 1992 period this mutual agreement is eminently sensible and justified.

However, having mutually agreed to delay the effective date of the 1992-93 salary increase, there is nothing in the record to justify a large amount of retro money to cover the May 1-November 1, 1992 period. Given the salary situation of other City employees during this period, the City's \$200 retro offer more than adequately compensates Elmhurst officers for the fact that their November 1 salary increase occurred one month later than the October 1 salary increases received by other City employees. Further, given that the 1992-93 salary increase awarded here is larger than the increase given to most other City employees (5.0 percent versus 3.5 percent), a strong argument can be made that Elmhurst officers are not entitled to any retro money. In short, there is not a scrap of evidence to support the Union's \$425 retro offer, and there is strong support for the City's \$200 retro offer.

**Finding.** For the reasons expressed above, I find that the totality of the evidence on the retroactivity issue provides more support for the City's offer than for the Union's offer.

To prevent any retro implementation disputes, I interpret the parties' stipulation on Tr. 10-12 to provide a pro rata share of

the retro money to the officers hired during the retro period (CX 7), provided that these recently hired officers are still on the active payroll as of the beginning of the next payroll period after July 2, 1993 in keeping with the terms of the City's selected offer. However, the wording of the City's retro offer does not provide any pro rata share of retro money to be paid to the two officers who retired during the retro period (Tr. 9-10).

### 3. Medical and Dental Insurance (Article XIII)

Section 1 of Article XIII provides that "the City shall pay the full cost for single and dependent coverage under the City's self-insured Comprehensive Health Plan" (JX 1). During the period October 1, 1992 through September 30, 1993 the monthly rates for single and family coverage under the self-insured plan are \$168.95 and \$429.19, respectively (CX 29). Section 1 also provides for a smaller City contribution toward the premium costs for employees who choose to be covered by one of the City's health maintenance organization (HMO) alternatives, which means that HMO selectees must make substantial monthly contributions toward the cost of HMO coverage (with these contributions designed to avoid an adverse selection phenomenon).

Section 2 of Article XIII provides for dental insurance for employees and their dependents. Section 2 currently provides that the City will pay for the full cost of single coverage under the basic dental plan and \$5.66 per month toward the cost of single coverage under the enhanced dental plan and the employee will pay

the balance. For family coverage, the City will pay \$8.00 per month toward the cost of coverage and the employee will pay the balance. Effective October 1, 1992 through September 30, 1993 the City increased its contribution for single coverage under Plan 2004 to \$6.36 per month, and for single coverage under Plan 2005 to \$7.10 and for family coverage under Plan 2005 to \$11.22 per month (CX 40). All of these revised dental coverages require the participating employee to make monthly contributions (ranging from \$2.26 to \$27.84) (CX 40).

Position of the City. The City proposes that Section 1 of Article XIII be revised to provide that effective the first month following the issuance of this Award the health benefit plan implemented on October 1, 1992 for the City's nonrepresented employees also be implemented for the members of this unit. Such language provides, among other things, that the City will pay 95 percent of the premiums for single or family coverage. In addition, the City proposes that Section 2 of Article XIII be revised to provide that effective the first month following the issuance of this Award the City will implement the dollar contributions for dental insurance specified above that have been in effect for other City employees since October 1, 1992 (CX 40). The actual language of the City's medical and dental insurance offer can be found in the text of that offer (CX 1, as revised).

The City supports its offer with a combination of cost, internal comparability, and external comparability evidence. The City says that the Union's evidence shows that since 1985 the cost

of medical insurance for the Elmhurst Police Department has increased by 166 percent (UX 4, p. 21). This skyrocketing rate of increase has not slowed down; from 1991 to 1992 the cost of medical insurance in the police department increased 27 percent (UX 4, p. 21). During 1992 medical insurance for the police department cost \$337,920 (UX 4, p. 21). The City argues that it can no longer afford to bear 100 percent of the rapidly escalating cost of health insurance for employees.

To cope with these skyrocketing costs, on October 1, 1992 the City implemented a new medical insurance program which included a variety of features, including a preferred provider organization (PPO) feature, a requirement that employees pay five percent of the premiums for whatever coverage is chosen, and a Section 125 flexible spending account to allow medical expenses (including employee premium contributions) to be paid with pre-tax dollars (CX 28). The City says that this insurance program was implemented for all nonrepresented City employees, including the Police Chief and police supervisors, on October 1, 1992. It has not yet been implemented in the instant unit. Similarly, it was not implemented during the 1992-93 year in the SEIU bargaining unit due to the presence of an ongoing contract in that unit that expired on May 1, 1993. However, it is the City's intent to extend this new insurance program to both represented units.

The City says that internal equity strongly supports the adoption of its medical and dental insurance offer. These new insurance arrangements have applied to nonrepresented City

employees since October 1, 1992. The City has always endeavored to maintain health insurance uniformity across its entire workforce, and prior to October 1, 1992 there was such City-wide uniformity. The selection of the City's health insurance offer will go a long way toward re-establishing such uniformity which, among other things, prevents any group of City employees from being disadvantaged on the insurance issue vis-a-vis any other City group.

In addition, the City says that external comparisons also provide strong support for the selection of its offer. Looking at how premiums are paid in the comparison jurisdictions in the record, the City says that Lombard employees must pay about 50 percent of the cost of family coverage (UX 3, p. 15); that Downers Grove employees pay 15 percent of the costs of family coverage (UX 3, p. 15); that Park Ridge employees pay \$18 per month and \$60 per month toward the cost of single or family coverage, respectively (UX 3, p. 15); that Villa Park pays \$115 per month for dependent coverage and the employee pays the first \$20 per month beyond that amount with the village paying the balance (UX 11, p. 33); in Wheaton employees may be required to pay \$8.00 per month for single coverage and \$15 per month for family coverage if the City implements city-wide cost containment measures (UX 12, p. 37); and Glen Ellyn employees pay 11 percent of the cost of single and dependent coverage (which increases to 12 percent on October 1, 1993) (CX 39, pp. 50-51). In addition, the City says that Arbitrator George Roumell, in a 1993 interest arbitration

involving the City of Chicago and the Fraternal Order of Police Lodge 7 representing that city's police unit, awarded the employer its health insurance offer (with only slight modifications). This awarded offer includes requiring the employees to share in premium costs (C.Br. 44-45). Moreover, the City says that Arbitrator Herbert Berman ruled similarly in a 1993 award involving the City of Aurora and its police officer unit (C.Br. 45). The City says that the external comparability evidence clearly shows that there is a widespread practice of requiring police employees to share in the cost of providing ever more expensive health insurance coverage.

The City is critical of the Union's "stand pat" approach to health insurance, for the Union's offer does nothing more than call for the continuation of the status quo through April 30, 1994 and then allow the insurance issue to be reopened in the 1994 negotiations under the third year reopener. The City says that the Union's offer is unreasonable, especially in the absence of any persuasive rationale why unit members should enjoy a more favorable insurance arrangement than other City employees.

For these reasons, the City asks that its medical and dental insurance offer be selected.

Position of the Union. The Union's medical insurance offer provides:

That the provisions of Article XIII regarding health and medical coverage shall remain in full force and effect unchanged during the term of the agreement; provided, however, that either party may reopen medical insurance for negotiations ninety (90) days prior to May 1, 1994, for

purposes of bargaining costs, benefits and coverages to be effective during FY 1994-1995. Any impasses in such negotiations shall be resolved through the impasse resolution procedures of Sec. 14 of the Illinois Public Labor Relations Act. (UX 1).

The Union supports its offer primarily by reference to external comparability. The Union says that its comparables clearly show that most other jurisdictions provide their police employees with fully paid employee insurance coverage (UX 3). Also, in Park Ridge employees are asked to pay a flat dollar amount toward employee coverage. In contrast, the City seeks to have employees pay a percentage part of the cost of employee coverage, which concept is roundly rejected by the comparability evidence, and with the percentage method providing employees no upper limit on the dollar amount of their contribution. Regarding dependent coverage, the Union says that the evidence is mixed and that some cities continue to pay 100 percent of the costs of dependent coverage.

The Union says that its offer provides for an insurance reopener that can be used by the City in less than a year if insurance costs continue to escalate. Through this reopener the City can seek insurance cost relief at the bargaining table at the same time that the parties are bargaining over wages for the third year of the new contract. However, the selection of the City's health insurance offer in this proceeding means that the City will come to next year's bargaining with the insurance issue already in its pocket, which will leave the Union in a difficult position of

trying to catch up for the losses its members have suffered via increased 1993-94 insurance costs.

For these reasons, the Union asks that its medical insurance offer be selected.

Analysis. There is no question that Elmhurst has been an active participant in the dizzying nationwide escalation of health insurance costs (UX 4, p. 21). Health insurance costs in the Elmhurst Police Department and in other City departments have increased more than two and one-half times during the 1985-92 period (UX 4, p. 21). In other words, there has been a very rapid and sustained increase in health insurance costs in this unit and among other City employees during the past eight years. This cost escalation provides very strong support for the need to consider some sort of insurance cost-sharing between the City and its employees in order for all parties to the employment relationship to have an incentive to hold down the spiraling costs of health insurance. Cost-sharing is contained in the City's offer but not in the Union's offer.

Looking at the internal comparability evidence under factor (4), we see all the City's nonrepresented employees have been covered by the new insurance program since October 1, 1992. Among other things, that means that they have been paying five percent for their coverage for the past nine months under the City's self-insured plan (CX 28, 33). The dollar amounts called for during the 1992-93 insurance year are \$8.45 per month and \$21.46 per month for single and family coverage, respectively (CX 29). These

amounts are being paid by managerial and nonmanagerial City employees. There is no information in the record regarding the post-May 1, 1993 insurance status of the employees in the SEIU bargaining unit, but the City's clear intent was to negotiate the new insurance program into the public works unit as well.

The record is undisputed that the City has a lengthy history of City-wide insurance benefit uniformity. The City's health insurance offer seeks to restore that uniformity, but the Union's offer seeks to maintain the disparity between this unit and other City employees. As a result, the internal comparability evidence provides very strong support for the City's offer. Further, this internal comparability evidence deserves the most weight among all the available evidence bearing on the resolution of this issue.

Turning to the external comparability evidence under factor (4), the comparables show that most comparison cities pay for 100 percent of the cost of employee coverage, but most of them (seven of the eight cities for which health insurance cost information is available, which excludes Addison and Oak Brook) call for employees to make some sort of contribution to the cost of family coverage. For instance, Lombard, Villa Park, Park Ridge, Downers Grove, Glen Ellyn, Wheaton (if city-wide cost containment measures are adopted; see UX 12, p. 37) and Hinsdale (depending on which insurance plan the employee selects; see CX 37, p., 17) require employees to pay for part of the cost of family coverage.

Further, much of the comparison information is expressed in percentage terms without any dollar cost information. However, if

we assume that the dollar cost of insurance coverage in these comparison cities is even remotely similar to the dollar cost of insurance coverage in Elmhurst (CX 29), the current dollar amounts that the City's proposal requires unit members to pay are among the lowest required by those cities that require contributions. Only Wheaton's \$8.00 and \$15.00 per month (for single and family coverage, respectively; UX 12, p. 37) appear to be lower than the \$8.45 and \$21.46 per month called for by the City's proposal. In other words, the dollar amounts sought by the City in its offer are quite reasonable compared to the amounts that officers in comparison cities are required to pay, especially for family coverage. Although the part of the City's proposal that calls for employees to contribute toward the cost of their own health insurance coverage is not strongly supported by the external comparability evidence, the overall City health insurance offer is well supported by the external comparables.

I also note that the dearth of analysis devoted to the dental insurance portion of this issue in the above analysis mirrors the amount of attention that the parties devoted to dental insurance at the hearing.

**Finding.** For the reasons expressed above, I find that the totality of the evidence on the medical and dental insurance issue provides more support for the City's offer than for the Union's offer.

#### 4. Life Insurance (Article XIII)

Section 3 of Article XIII currently provides that the City will provide term life insurance in the amount of \$25,000 (per employee).

Position of the Union. The Union proposes that Section 3 be changed to read as follows:

During the term of this Agreement, the City will provide term life insurance [in] an amount equal to one and one-half times bargaining unit employees' annual salaries, rounded to the nearest One Thousand Dollars (\$1,000.00). The City retains the right to change insurance carriers or to self-insure this benefit so long as the amount of insurance is maintained. (UX 1)

The Union supports its life insurance offer by noting that police work subjects officers to occupational hazards that are unknown (or known only via television shows) to members of other occupations. As a result, bargaining unit members should be adequately covered by life insurance. The Union also notes that the current life insurance amount of \$25,000 has been in place for at least 10 years and has not kept up with salary and benefit increases. As a result, the Union says that its proposal to index life insurance coverage to 1.5 times an employee's salary will maintain adequate insurance coverage in the future as the employee's salary increases over time. In addition, the Union says that its external comparables provide strong support for an increase in life insurance coverage, for most comparison cities provide more coverage than does Elmhurst. For these reasons, the Union says that its life insurance offer should be selected.

Position of the City. The City proposes that Section 3 of Article XIII be modified to provide for \$30,000 of term life insurance coverage.

The City supports its offer primarily with external comparability information. Looking at the City's seven comparison jurisdictions, these cities provide life insurance coverage in amounts ranging from \$20,000 to \$50,000, with an average amount of \$38,964 (CX 30). The City agrees that its \$30,000 offer provides a below average amount of coverage in this comparison group. But the City says that its offer is far closer to this comparison average and is much more supported by the comparison data than is the Union's 1.5 times salary offer that contains no cap. The Union's offer would require that all top step officers, who will be receiving a \$41,000 annual salary under the City's 1992-93 salary offer and who comprise a majority of the unit, be provided with \$62,000 in life insurance coverage. The City says that there is absolutely no support of any kind for life insurance of that magnitude.

The City also notes that the \$25,000 amount of life insurance was established in the City's first contract with this group (JX 3, p. 38) and that this amount was not changed in the 1989 negotiations (JX 1, p. 39). This bargaining history shows that life insurance was not a high priority item in the last bargaining round. The City further notes that the Union has presented no rationale to justify its proposal to more than double the amount

of life insurance coverage that most officers receive. For these reasons, the City asks that its life insurance offer be selected.

**Analysis.** Under factor (4), the external comparability information shows that the life insurance amounts in the combined group of comparison cities ranges from \$20,000 to \$50,000 (UX 3, p. 14; CX 30). Most of these cities specify a flat dollar amount of coverage. Hinsdale, a city that the Union denigrates as a comparison jurisdiction (Un.Br. 23), provides that officers will receive life insurance in the amount of 1.5 times their annual salary, but only to a maximum of \$50,000 (CX 30). In other words, no other comparison city provides more than \$50,000 of life insurance coverage.

The Union's proposal calls for top step officers to immediately receive \$65,000 in life insurance coverage (\$43,194 annual 1993-94 salary times 1.5 equals \$64,791, which is \$65,000 to the nearest thousand dollars), and officers at Step G would receive \$62,000 in life insurance coverage (\$41,137 annual 1993-94 salary times 1.5 equals \$61,705, which is \$62,000 to the nearest thousand dollars). In other words, 70 percent of unit members would receive an immediate increase of \$37,000 to \$40,000 in life insurance, which is an increase of 148 to 160 percent. There is not a scrap of evidence in the record to support life insurance coverage of that magnitude, or to support a one-time increase in life insurance coverage that more than doubles for the vast majority of the bargaining unit.

There is plenty of support in the comparability evidence for life insurance coverage in the \$40,000 range (CX 30; C.Br. 51). However, the Union's offer calls for much more life insurance coverage than is supported by any evidence in the record. In particular, the Union's offer calls for an amount of life insurance that is far outside the range of life insurance provided by all of the comparables submitted by the parties (CX 30; UX 3, p. 14). In contrast, even though the City's \$30,000 offer provides for a below average amount of life insurance in the City's comparability group, this \$30,000 amount is within the range of life insurance amounts offered elsewhere (CX 30; UX 3).

Finding. For the reasons expressed above, I find that the totality of the evidence on the life insurance issue provides more support to the City's offer than to the Union's offer.

The implementation dates on the three preceding issues are contained in the parties' offers on those issues. However, the City's life insurance offer begins "During the term of this Agreement . . ." So that there will be no dispute about the effect of the selection decision on this issue, I interpret the City's offer to mean that the \$30,000 amount of life insurance will take effect with the issuance of this Award. In other words, this life insurance selection decision is meant to be prospective only and have no retroactive effect. In addition, the record indicates that the Union views the life insurance issue as a prospective rather than retroactive issue (Tr. 18).

**AWARD**

Using the authority vested in me by the parties' Alternative Impasse Resolution Agreement (JXs 1, 2), as amended, and by Section 14 of the Act, I select the following last offers as more nearly complying with the applicable Section 14(h) decision factors:

1. Salaries (Article XII)  
The Union's offer is selected.
2. Retroactivity (Article XII)  
The City's offer is selected.
3. Medical and Dental Insurance (Article XIII)  
The City's offer is selected.
4. Life Insurance (Article XIII)  
The City's offer is selected.

Respectfully submitted,



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Peter Feuille  
Arbitrator

Champaign, Illinois  
July 2, 1993