

STATE EMPLOYMENT
RELATIONS BOARD

IN THE MATTER OF FACT-FINDING 2003 JUN -2 A 9:00

BETWEEN

THE CITY OF KENT

AND

FRATERNAL ORDER OF POLICE, OLC, INC.

BEFORE: Robert G. Stein

SERB CASE NO(s): 02 MED-08-0712, 0713, 0714

PRINCIPAL ADVOCATE FOR THE UNION:

Otto J. Holm Jr., Staff Representative
Chuck Wilson, Staff Representative
FOP/OLC Inc.
14918 Triskett Rd.
West Park OH 44111

and

PRINCIPAL ADVOCATE FOR THE EMPLOYER:

Richard T. Prasse, Esq.
Lewis Steinbrecher, Kent City Manager
HAHN, LOESER, PARKS
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200 Public Square
Cleveland OH 44114-2301

INTRODUCTION

The Employer is the City of Kent, which is located in Portage County, Ohio. The City has a population of over 27,000 residents. The Union is the Fraternal Order of Police. The parties have a well-established bargaining relationship. The three bargaining units that are represented in this impasse are Unit 1 Patrol Officers, Unit 2 Dispatchers, and Unit 3 employees in the classification of Detention, Compliance Officer & Juvenile Counselor. There are approximately forty-four (44) employees in the bargaining unit. The parties held several bargaining sessions in 2002 and 2003 prior to reaching impasse. At the request of the parties the Fact finder was asked to bring the parties closer together through mediation. The issues in dispute are wages and health care premiums.

In this report the term "EPS" refers to Employer's Position Statement and the term "UPS" refers to Union's Position Statement. The position of each party on all impasse issues shall not be restated but will be referenced by these terms. Aspects of each party's position on the two issues in dispute may be incorporated in the discussion section under each issue.

CRITERIA

OHIO REVISED CODE

In the finding of fact, the Ohio Revised Code, Section 4117.14 (C)(4)(E) establishes the criteria to be considered for Fact-finders. For the purposes of review, the criteria are as follows:

1. Past collective bargaining agreements
2. Comparisons
3. The interest and welfare of the public and the ability of the employer to finance the settlement.
4. The lawful authority of the employer
5. Any stipulations of the parties
6. Any other factors not itemized above, which are normally or traditionally used in disputes of this nature.

These criteria are somewhat limited in their utility, given the lack of statutory direction in assigning each relative weight. Nevertheless, they provide the basis upon which the following recommendations are made:

ISSUE 1 & 2 Article 25 GROUP INSURANCE
Article 28 WAGE COMPENSATION

Union's position

SEE UPS.

Employer's position

SEE EPS.

Discussion

The City proposes to begin having employees contribute toward the cost of their health care. It proposes that in January 1, 2003, bargaining unit employees pay \$25 toward single coverage and \$50 toward family coverage. Effective July 1, 2005, the City is proposing that these amounts be increased to \$35 and \$70 respectively. The Union opposes any employee premiums for health care coverage and seeks to maintain coverage that is fully paid by the Employer.

The City points to internal comparable data in support of its position. It contends that the AFSCME organized non-uniformed employees agreed to the same wages it is offering to the Police Units (see Issue 2 below) and started paying the \$25/\$50 employee premiums on January 1, 2003. The City also points out that the other safety unit, Firefighters, who are on a different bargaining cycle, agreed to begin paying the \$25/\$50 employee premiums December 16, 2002. In addition, non-unionized employees are also paying the same health insurance premiums.

The Union concedes that other City bargaining units are paying part of the premium costs; however, it argues that relevant and nearby external comparable police bargaining units, in cities such as Stow and Aurora do not currently pay health care premiums (See Ux 13). The Union also contends that the health care provided is not free, and they are required to pay deductibles and co-pays when they or their covered family members receive care for injuries or illnesses.

The Union also points out that since at least 1992 safety forces are required to maintain a standard of physical fitness that are other employees in the City are not required to meet. The Fire Department employees, although treated similarly regarding physical fitness standards, are permitted to engage in physical fitness workouts while on duty. The Police unit who must meet the same fitness standards do not have this luxury, contends the Union.

Internal comparable data and patterned bargaining of benefits and wages are influential factors in arriving at reasonable decisions in matters of fact-finding. Health care plans for purpose of economies of scale usually cover all employees regardless of title or bargaining unit affiliation, if any. The police bargaining unit, like the Firefighter bargaining unit, has an additional fitness requirement that in theory should have a positive impact upon the health of employees in these units. Physical fitness requirements in law enforcement are also becoming more commonplace. Although it appears clear from research that fitness has a positive influence on the long-term health of employees, other factors such as mental health, good health habits, life style, diet, and genetics also play a large part in the health of a person.

Employees under the same employer are acutely aware of what other employees have in terms of wages and benefits and are constantly monitoring their well-being by such “yardsticks.” Health care and salary have also become closely aligned for several reasons. The most obvious of these is cost. Health care costs have been rising at an alarming rate and it is not unusual for their costs to rise at double-digit levels year after year. Some increases have spiked in the 40% plus range in one year. There is little question that employers and employees alike are worried about maintaining affordable comprehensive health care coverage.

In the recent experience of this Neutral, health care coverage has become as important as maintaining a livable wage. The prescription drug component of health care is leading the way in terms of costs. The national dialogue is once again beginning to heat up regarding what can be done. However, what is absent is the type of concentrated focus that was placed on this issue in the early 1990s by the Clinton administration. Whether these efforts were worthwhile is for the historians to assess. This effort appeared to hold initial promise, but in the end fizzled. Whether there is the will or means to make any tangible headway to curb spiraling health care costs is anyone’s guess. However, it is becoming clear that employers and employees are looking for answers.

According to the most recent data from SERB, the number of bargaining units where employees have fully paid health insurance is shrinking. Currently, a majority of the bargaining unit contracts in Ohio require employees to contribute toward their health care premiums. Many of these employees are paying ten to twenty percent of their health care premiums. Although three (3) of the five cities contiguous to Kent do not currently require employees to pay toward their health care, two (2) require premiums of \$40 and

up to \$90. Furthermore, this is a snapshot in time, and the discernible trend in shifting some of the cost of health care premiums to employees is likely to continue.

However, as stated above, health care and wages are often being talked about together because of the impact they both have on a city budget. Given the polar opposite positions of each party, it is necessary to examine a more creative approach to resolving this impasse, one which involves a “quid pro quo exchange” while being considered equal to the sacrifice made by other city employees. Other City employees have agreed to pay part of their health care premiums in exchange for a larger increase in the first year of their agreements.

Given the recommendations contained under Issue 2, below, approximate equity between City bargaining units can be maintained. It can be achieved through the combination of “back loading” a smaller and evenly distributed wage increase, while maintaining fully paid health insurance for the period of the back load. According to the calculations of the parties during fact-finding/mediation, the net effect of forgoing a larger first year increase (a net difference of three-quarters (3/4) of one percent (1%) in exchange for not having to contribute to health care premium evens out by the end of the third year of the Agreement. This represents the difference between other City bargaining units receiving a total of 9.75% (front loaded) and the FOP units receiving a total of 9% (evenly distributed) along with a delay in paying health care premiums for thirty-five (35) months. The evening out process takes place through September of 2005.

The health care benefit’s year runs from October through September of each year. In October of 2005 the concept of cost sharing is supported by the reality of the economy, internal equity, and fairness among all city employees. It is also reasonable to predict that

by October of 2005 an even higher percentage of employees in public sector bargaining units in Ohio will be making some contribution toward their health care.

Recommendation

ARTICLE 28 WAGES:

All FOP bargaining units shall receive:

Effective December 16, 2002: 3% wage increase

Effective December 15, 2003: 3% wage increase

Effective December 27, 2004: 3% wage increase

ARTICLE 25 INSURANCE:

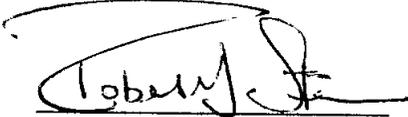
Effective the first pay period in October of 2005, all FOP bargaining units shall pay health care premiums as follows:

\$25 single/\$50 family

TENTATIVE AGREEMENTS

All other issues tentatively agreed to prior to fact-finding are considered to be part of this report and are recommended to the parties.

The Fact-finder respectfully submits the above recommendations to the parties this 29th day of May, 2003 in Portage County, Ohio.



Robert G. Stein, Fact-finder

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MAY 30 2003



FIRST CLASS

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