

IN THE MATTER OF FACT FINDING

BETWEEN

**AFSCME OHIO COUNCIL 8, AFL-CIO AND
LOCAL 2198**

AND

THE STARK COUNTY ENGINEER

SERB CASE # 04-MED-07-0714

ADVOCATE FOR THE ENGINEER:

**John Cannell, Chief Negotiator
STARK COUNTY ENGINEER
5165 Southway St., S.W.
Canton OH 44706-1998**

ADVOCATE FOR THE UNION:

**Leroy W. Herd, Field Organizer
AFSCME OHIO COUNCIL 8,
AFL-CIO
1145 Massillon Road
Akron OH 44306-4161**

INTRODUCTION

The bargaining unit is represented by Local 2198 AFSCME Ohio Council 8, (hereinafter "Union" or "AFSCME") and the Employer is the Stark County Engineer (hereinafter "Employer" or "Engineer"). The bargaining unit is comprised of approximately 85 employees who provide street, highway, and bridge maintenance services to Stark County. The previous contract between the parties expired October 31, 2004. A mediation/fact-finding hearing was held on February 2, 2005 over the following issue:

Listing Of Unresolved Issue(s):

Hospitalization/Major Medical/Life Insurance (Article 30)

The Employer submitted a copy of the tentative agreement reached by the parties on Article 30. However, this tentative agreement was rejected by the Union, and the issue was submitted before the fact-finder for resolution. Once a tentative agreement is reached and then is formally rejected by one or both of the parties, the parties are free to submit to fact-finding any number of issues they feel need to be addressed. In their original position statements the parties submitted the single issue of Article 30 that addresses health care.

Prior to a formal submission of evidence, the fact-finder made a concerted attempt to reconcile the differences between the parties over the amount the bargaining unit should pay for healthcare, including the

contribution to the AFSCME Health and Welfare Fund. The parties worked in earnest on a variety of scenarios to bring about a settlement, including the possibility of revising the tentative agreement over wages in an effort to foster a settlement.

However, after several hours of mediation, agreement could not be achieved and the parties reverted to their position statements and submitted information to the fact-finder in support of their positions on Article 30. By agreement of the parties the Employer submitted additional cost information, including reference to wages. It must be noted that although the parties considered a variety of issues in mediation in a good faith attempt to resolve their differences over Article 30, the Union did not agree to have any other issue other than Article 30 addressed by the fact-finder. The Union did not revise its original position statement to formally include any additional issues in the fact-finding process. Therefore, by virtue of the rules promulgated by SERB, the fact-finder is restricted to only those issues the parties agree to submit to fact-finding. All other tentative agreements that the parties did not jointly agree to submit to fact-finding are not disturbed and are addressed at the end of this report.

Both Advocates represented their respective parties well and clearly articulated the position of their clients on the issue in dispute. In order to expedite the issuance of this report, the Fact-finder shall not restate the actual text of the parties' proposals on each issue, but will instead reference the Position Statement of each party along with a summary. The Union's Position

Statement shall be referred to as UPS and the Employer's Position Statement shall be referred to as EPS. An unanticipated family illness/hospitalization delayed the issuance of this report on the original due date of February 17, 2005. The parties graciously granted the fact-finder an extension of five (5) days to issue his report and it was issued February 22, 2005.

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 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. ARTICLE 30 HOSPITALIZATION/MAJOR MEDICAL/LIFE INSURANCE

Union's Position

UPS

Employer's Position

EPS

Discussion

The facts indicate that up until the current dispute the parties had negotiated a hospitalization plan, including a Union health and welfare plan that was fully paid by the Employer. The non-bargaining unit employees in the Engineer's office also enjoy fully paid hospitalization coverage, but by virtue of their status are not able to take advantage of the additional health and welfare fund coverage provided by AFSCME.

The provision of the AFSCME Health and Welfare Fund has allowed bargaining unit employees to receive dental, vision, and hearing insurance separate from the provision of hospitalization provided under a 90-10 Medical Mutual Plan ("Med Mutual"). Other employees in the Engineer's office obtain vision and dental coverage in addition to hospitalization through an alternative 80-20 AultCare health care plan. The combination of the AFSCME Health and Welfare Fund and Medical Mutual coverage is more expensive for the Employer, yet the facts indicate the benefit is superior to the AultCare plan. This combination has

been in place for several contract periods. In addition to the more advantageous 90-10 split, the combination of Med Mutual and the AFSCME Health and Welfare Fund has substantially lowered out-of-pocket maximums that directly impact employees who use the plan.

The Employer is proposing the tentative agreement that was rejected by the bargaining unit. It is seeking to have the Union drop its AFSCME health care coverage, switch coverage from the 90-10 Med Mutual Plan to the 80-20 AultCare plan, and to have bargaining unit members pay a percentage of the premium that ranges from 3% to 5% over the life of the Agreement. The Union is not willing to switch to the 80-20 AultCare plan and give up its health and welfare coverage. However, it is willing to contribute a flat dollar amount toward the premium of the Medical Mutual plan.

On December 21, 2004 the Stark County Commissioners passed a resolution calling for flat dollar contributions to health care in 2005. The amounts are reflected in the Union's position statement (\$12.50 for family and \$5.00 for single coverage per month). This unprecedented change on the part of the Stark County Commissioners is historically significant. Taken out of context, \$12.50 per month is not an unreasonable amount of money to pay for health insurance, particularly insurance that provides 90-10 coverage. However, it must be remembered that in the long history of

bargaining between the parties and between AFSCME and Stark County, the cost of health insurance has been always been a fully paid employer provided benefit.

It is likely that past salary increases and other benefit increases have been modified as a result of maintaining such a valuable benefit. Now, for the first time in decades of collective bargaining, the County is shifting some of the costs to employees. While this is not uncommon in the public sector, when it occurs for the first time, such a dramatic cost shift and change in philosophy need to be gradually and not suddenly introduced. However, the Employer made a strong argument in favor of percentage cost sharing versus flat dollar amounts that have to be adjusted frequently and may not provide an employee with some sense of the inflationary effects of increases in health care premiums.

Although the Employer makes a sound argument that health care premiums have risen dramatically, it is also noted that the substantial cost increases have in large part come from hospitalization coverage and not the AFSCME health and welfare plan. The price of the plan has been flat and is fixed at \$38.50 per month over the life of the proposed Collective Bargaining Agreement. There is no similar guarantee from Med Mutual or AutiCare, however, the County needs to be recognized for keeping its health care affordable in the past. It is also of significant note that Stark

County has established rates of \$12.50 (family) and \$5.00 (single) for all non-union and supervisory employees in the county for 2005. In addition, there are unionized county employees, albeit without the added AFSCME coverage advantage, who will not have to pay for health care until all county employees are required to do so.

Even given the best of intentions, there is no guarantee that dental, vision, and hearing benefits will be included in the next two health care plans bid by the County, particularly if hospitalization costs rise dramatically. What is already happening in the public sector and in the private sector is a scaling back of benefits provided for employees as a method of controlling costs and protecting basic hospitalization coverage. This fact-finder is familiar with AultCare coverage in a neighboring county in which the hospitalization coverage is far more basic in its design and does not include dental, vision, or hearing insurance. It is also far less expensive and becomes more attractive to employers who are legitimately struggling to find ways to provide coverage of any kind. The fact-finder is also aware of a public sector employer in Ohio who has negotiated the elimination of family health care coverage with one of its unions and now only provides coverage for the employee. While it is not suggested that such a draconian measure will ever be considered in Stark County, it nevertheless represents a trend

that is starting to take hold in some private sector settings and may have to be seriously considered by public employers in the future.

Affordable health care coverage is a problem of worldwide dimension and local employers and unions are simply attempting to cope until there is a comprehensive restructuring of the healthcare delivery system that permits employers to continue to provide reasonable health care coverage to all working Americans.

FACTFINDER'S DETERMINATION

Article 30 Hospitalization/Major Medical/Life Insurance

Section 30.1

The Employer shall continue, for the life of this agreement, the same insurance coverage provided to other county employees under the County's group insurance plan.

EMPLOYEE CONTRIBUTIONS TOWARD HEALTH CARE:

Effective March 1, 2005 employees covered by the group insurance plan with family coverage shall pay \$12.50 per month toward their health care costs. Effective January 1, 2006 employees covered by the group insurance plan with family coverage shall pay two percent (2%) of the premium costs in twelve (12) monthly increments. Effective January 1, 2007, employees covered by the group insurance plan with family coverage shall pay three percent (3%) in twelve (12) monthly increments. Said deductions will be made each month from the employee's payroll check, towards the monthly premium of the employee's insurance. A monthly cap of \$30.00 shall be in effect on said premium for the life of the Agreement.

Effective March 1, 2005, each employee covered by the group insurance plan for single coverage shall pay \$5.00 per month toward their health care costs. Effective January 1, 2006 each employee covered by the group insurance plan

for single coverage shall pay two percent (2%) of the premium costs divided into twelve (12) monthly increments. Effective January 1, 2007 each employee covered by the group insurance plan for single coverage shall pay three percent (3%) of the premium costs divided into twelve (12) monthly increments. Said deductions will be made each month from the employee's payroll check, towards the monthly premium of the employee's insurance. A monthly cap of \$15.00 shall be in effect on said single premium for the life of the Agreement.

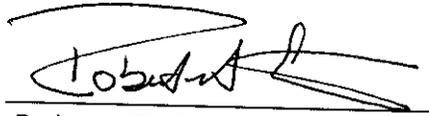
The employer agrees to pay all additional amounts of the monthly premium to cover the cost of the single and family insurance plans.

Section 30.2 to 30.4 Current Language

TENTATIVE AGREEMENTS

During negotiations the parties reached tentative agreements on several issues. All tentative agreements reached by the parties and not jointly agreed for submission to fact-finding are part of the recommendations contained in this report.

The Fact-finder respectfully submits the above recommendations to the parties this 22nd day of February 2005 in Portage County, Ohio.

A handwritten signature in black ink, appearing to read "Robert G. Stein", written over a horizontal line.

Robert G. Stein, Fact-finder