

HAND DELIVERED

**OHIO STATE EMPLOYMENT RELATIONS BOARD
FACT-FINDING REPORT
FEBRUARY 28, 2002**

STATE EMPLOYMENT
RELATIONS BOARD

2005 JUN - 6 A 10:4

OHIO PATROLMAN BENEVOLENT)
ASSOCIATION)
)
Union)
)
-and-)
)
BOARDMAN TOWNSHIP TRUSTEES)
)
)
Employer)

CASE NO. 04 MED-09-0799

APPEARANCES FOR THE UNION:

Jeffrey Perry, OPBA Attorney
William Davis, Dispatcher
Cheri Biros, Dispatcher

APPEARANCES FOR THE EMPLOYER:

Kerry Hawn, Assistant Mahoning County Prosecutor
Karen Gaglione, Assistant Mahoning County Prosecutor
Curt Seditz, Boardman Township Administrator
Bill Leicht, Boardman Township Clerk
Karen A. Ryan, Support Services Manager
Christina Griffith, Boardman Township Deputy Administrator

FACT-FINDER:

JOSEPH W. GARDNER, Reg. No. 0033400
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Canfield, OH 44406
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INTRODUCTION

The parties met on the 13th day of April 2005 at the Boardman Township Administrative Offices by agreement of the parties for a fact finding conference. The parties waived mediation and went directly to fact finding. At fact finding, each party was given the opportunity to present arguments and evidence through testimony and exhibits. The Township produced two witnesses and twenty exhibits, all of which were introduced into evidence. The Union presented no witnesses and introduced six exhibits. For procedural reasons, the Township objected to five of the six exhibits. Those objections were overruled and all exhibits were admitted into evidence.

Since arguments were made by both parties during the course of the hearing, both parties agreed that closing summation and post hearing briefs were unnecessary. At the end of the hearing the parties agreed that the mailing date for the fact finding report would be for the 5th of May 2005.

Both parties timely submitted position statements setting forth the following issues for fact finding:

1. Wages
2. Health Insurance

During the course of the finding of facts, set forth below, all evidence and arguments have been reviewed and the following items as set forth in Ohio Revised Code §4117.14 have been reviewed:

- (a) Past Bargaining Agreements, if any, between the parties;
- (b) Comparison of Issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employees doing in comparable work, giving consideration to factors peculiar to the area and classification involved;

- (c) The interest in welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standards of public service;
- (d) The lawful authority of the public employer;
- (e) The stipulations of the parties;
- (f) Such other factors, not confined to those listed in this section which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding, or other impasse resolution procedures in the public service or in private employment.

The bargaining unit consists of nine full time dispatchers and one part time. Boardman Township is a large township located in Northeastern Ohio.

FINDINGS OF FACT AND DISCUSSION

“Wages are traditionally the main financial issue. Hospitalization and medical insurance is definitely a close second in importance to financial considerations to both parties. Over the past several years, the costs of hospitalization and medical insurance have been increasingly important. All of the issues faced by the parties appear to have financial impact on the parties...” **Boardman Firefighters Local 1176 and Township of Boardman, Ohio, Fact Finding Report, September 27, 2004, Case No: 04 MED-01-0010.** Solutions to the rising costs of health care is a responsibility of both management and labor. Only by working together can there be any hope of curbing health care costs for both the employer and the bargaining unit.

In its first exhibit, the Union compared itself to other large townships in the State. Union Exhibit No. 1 was introduced to support the Union’s position for a 4.25% raise per year for a period of three years. The Union further emphasized that an internal comparable, to wit: the agreement with the Boardman road workers. That agreement gave the road workers a 4%

increase per year for three years with a \$300.00 signing bonus. This Union, the dispatchers, was not offered the \$300.00 signing bonus.

The Employer points out that at the top level, Boardman dispatchers are better paid than those working at Austintown. Furthermore, the Employer points out that most of the dispatchers are "older" employees.

A factor not included in the comparison is that Austintown Township has a 5% pension pickup and Boardman Township does not have longevity pay.

The Employer proposed a 4% increase per year over a three year period consistent with that of the firefighters. In health insurance, the Township argues that co-pays are now paid by management employees, and co-pays are also being paid by the road workers. The Employer wants to try to make the health insurance coverage and payment for health insurance consistent with all other employees.

Mr. William Leight testified regarding the current financial status of Boardman Township. In exhibit A, it shows that the amount of revenues into the Township, absent the estate taxes, have exceeded the revenues since late 2002. In exhibit B, it shows that there is legislation pending in an attempt to lessen and even eliminate the amount of funding from the state to the Townships. What is of extreme concern of the Township is that the carryover from the year 2002 was \$11,641,670.79 whereas the carryover from the year 2004 was \$7,253,112.99. This is a carryover loss of over \$4,000,000.00 in the past four years. By appearance of this, the Township is losing approximately \$1,000,000.00 per year. Mr. Leight testified that in his belief the carryover is dropping because the operating expenses exceed the operating revenue. He projects that the carryover in 2007 will be at \$1.6 million and that would be down from \$7,000,000.00 in 2004. He further testified that there was a \$4,000,000.00 financial obligation at

the main fire station that has not been addressed nor has the flood water problem been addressed. Although there is no legal responsibility of Boardman Township to stop the flood water problem, the flood water problem directly affects the residents of Boardman Township. Any increase in pay will exacerbate the problem of the expenditures exceeding the actual revenues which will further exacerbate the diminishing surplus now with the Township finances. In short, Boardman Township is expending more money than it brings in.

Leight's testimony is a warning to both the parties and the taxpayers that unless the trend stops the surplus will be depleted and the Township finances will be in a deficit. Although cost increases are now affordable and the Township possesses an "ability to pay," the "ability to pay" may not be there in the near future. The Union has provided no evidence of a new funding source to stop the declining surplus.

William Leight further addressed the offer of wages and health care to the Union members. The offer of the Employer to the Union members would be an increase in pay in spite of inflation and in spite of the requirement of the dispatchers to make a co-pay for their health insurance. The undersigned finds Leight's argument persuasive.

The Township Administrator, Curt Seditz, testified. Using Exhibits, and a comparable under Exhibit M, it shows that Austintown Township has a higher pay starting out, but the top level employees are paid higher in Boardman. Five out of nine employees in this bargaining unit are at the top level.

Boardman Township has consistently followed the 4% pay increase rate given and that 4% appears to be fair for all of the units. In making an argument against longevity, Mr. Seditz stated that longevity was "rolled into" the pay years ago. He further stated that no bargaining units have longevity.

On cross examination, the Union representative brought up the concept of shifting cost versus solutions while addressing the diminishing revenues and the increasing costs of insurance. The zoning permits as set forth in Union Exhibit 2 shows new construction. Not only are the fees for the permits a source of income, the new businesses show an expansion of the business tax base which should turn into an increase in township revenue. The point made by the Union representative is valid and important. The increasing number of businesses should have a tendency to increase the revenue thereby stem the tide of the diminishing surplus in the township. Hopefully, in the future, Township and Union officials will find ways to expand business growth in the township to increase the revenue and stem the tide of the declining surplus. The Union representative presented ideas to combat high health care costs. According to the Center of Disease Control and Prevention, Union Exhibit 6, behavior drives health care resource consumption. According to the ancient law of supply and demand, when demand rises and supply stays the same, there is an increase in price. In order to control the demand side, future health care plans must address the behavior of the consumer. Although the Union made suggestions of possibilities, there was no plan proposed nor any policy of insurance proposed, with the behavior controls, that was proposed by the Union.

Requiring employees to share co-pays may actually worsen behavior of the medical services consumer.

“In this fact finding, one of the arguments made by the employer is that those with health insurance fully paid without cost to them, especially those in a traditional plan, will tend to use the most expensive medical services when less costly procedures can be used. An example brought up in almost every fact finding, including this one, is the employee who goes to the emergency room for a cold instead of taking the time to make an appointment with the family

physician. Services received by the employee would be essentially the same, to wit: a brief examination and a prescription. However, the ease and speed of going to the emergency room is much more convenient than making an appointment and waiting an hour or two in a doctor's office. The cost for the emergency room services is multiple times that of an office visit to a doctor. Since the consumer of the service does not pay for the service, the consumer will use the service that is best for the consumer, regardless of costs. The employee/consumer never sees or never experiences the cost. As such, the employee/consumer is not concerned about the increased costs. The employer maintains that this above financial conduct of those who do not participate in costs, is a force that drives up the cost of health insurance.

According to the Union's representative, the current proposal of the employer will not help the above situation, but will exacerbate the rising costs. If the employee pays 20% out of pocket for the health insurance premium, that same employee will probably use the most easiest procedure even though the easiest would be costly. The employee will use the best service regardless of the cost, because the employee has already paid the employee's share of the service. Since the employee has already paid for the service any additional cost does not matter to the employee/consumer.

Simple economics tell us that in order to discourage the use of the most expensive services when other less expensive services are available, deductibles or co-pays should be *tied to the use of the services* (emphasis added). Again, simply requiring the employee to pay 20% of the premium cost will have a tendency to make the problem worse."

There has been no evidence introduced as to show why 20% of the premium was chosen. The Union calls this 20% request arbitrary." **Boardman Firefighters Local 1176 and**

Township of Boardman, Ohio, Fact Finding Report, September 27, 2004, Case No: 04 MED-01-0010.

The undersigned does not see how the payment of 20% of the premium cost to the employee will affect the behavior of the employee/consumer when using medical services. As set forth above, this "across the board" requirement may drive up the costs of health care. The Employer has, however, worked on a plan to require all employees to pay 20% of the costs of the premium of the health insurance. This action is an attempt to curb the cost of health insurance and to consistently make all employees pay an equal amount for their own health insurance. Although the laws of economics are extremely important in government finances, state law controls the decisions of this fact finder. In reviewing the factors set forth in §4117.14, the Employer has attempted to make the payment of the 20% equal across the board for all employees. The Employer is exercising its lawful authority to be fair not only to its employees but to the taxpayers. Although the payment of the 20% is more of a cost shifting matter than a solution to the rising costs of health care, it is an attempt of the Employer to fairly curb the rising costs of health care.

RECOMMENDATIONS

WAGES

It is recommended that the Bargaining Unit employees receive a 4% salary increase for each year of the contract effective October 1, 2004, another 4% effective October 1, 2005 and 4% increase effective October 1, 2006.

HEALTH INSURANCE

It is recommended that Article 10, §10.1 will be the following language:

The Township shall provide all full-time employees with hospitalization and medical insurance including optical and dental coverage. Effective

during the enrollment period for January 1, 2005, all members of the bargaining unit agree to select and participate in a Preferred Provider Organization (PPO) Network Program as currently provided by the Township on January 1, 2005. Effective January 1, 2005, all members of the bargaining unit shall contribute the following fixed amounts for single or family coverage, with said contributions made through payroll deduction over twenty-six (26) periods throughout each contract year and life of this Agreement as indicated:

January 1, 2005-December 31, 2005

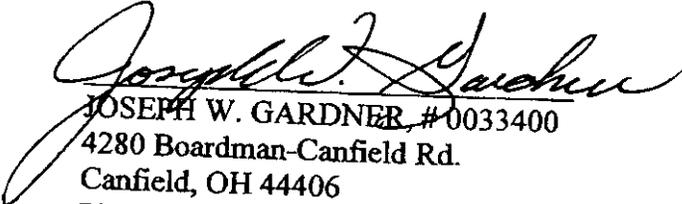
	<u>Per Pay</u>
Single:	\$8.96
Family	\$22.41

January 1, 2006-December 31, 2006

	<u>Per Pay</u>
Single:	\$13.45
Family	\$33.63

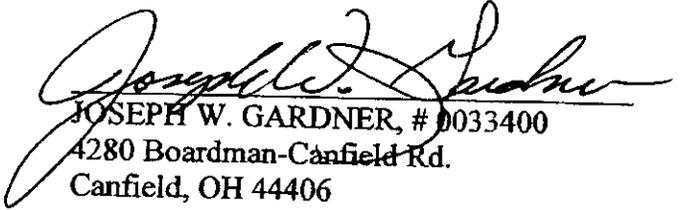
January 1, 2007-December 31, 2007

	<u>Per Pay</u>
Single:	\$17.93
Family	\$44.85


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CERTIFICATION

A copy of the foregoing Fact-Finding Report was sent this 5th day, May 2005, via facsimile and by Certified U.S. Mail/RRR to: Kerry L. Hawn and Karen Gaglione, Assistant Mahoning County Prosecutors for the Township, 21 West Boardman Street, Sixth Floor, Youngstown, Ohio 44503 and to, Jeff Perry, Attorney for the Union, PO Box 338003, North Royalton, Ohio 44133.


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