

BEFORE THE
STATE EMPLOYMENT RELATIONS BOARD

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RELATIONS BOARD
2005 MAR 22 A 11:31

FACT FINDING PROCEEDINGS
CASE NO. 04-MED-09-0928

IN THE MATTER OF:

CITY OF GREENVILLE

AND

GREENVILLE PATROL OFFICERS ASSOCIATION

APPEARANCES:

FOR THE CITY: Brett A. Geary

FOR THE ASSOCIATION: Stephen S. Lazarus

REPORT AND RECOMMENDATIONS OF THE FACT FINDER

James E. Murphy
Fact Finder

BACKGROUND:

Greenville, Ohio is a rural community of approximately 13,294 people located in Darke County, about 35 miles northwest of Dayton. The Association has been for some time the duly recognized bargaining representative of a unit consisting of "All regular full-time employees in the classification of Patrol Officer and all regular full-time employees in the classification of Sergeant," currently 15 and 3, respectively, in number. The most recent contract between the parties expired on December 31, 2004.

Commencing in October 2004, the parties engaged in several collective bargaining sessions and were successful in reaching agreement on many items. However, as of the commencement of the hearing in this matter, they remained at impasse on four issues, to wit: Article 12, Wages; Article 19, Insurances; Article 23, Sick Leave; and Article 42, Termination. Accordingly, this case came on for hearing in Greenville, Ohio on March 2, 2005.

Evidence and able argument in support of the parties' respective positions on the disputed issues were presented at the hearing. What follows is a summary of that evidence, the parties' positions, the Fact Finder's Recommendations and the rationale for same. In making my recommendations, I have considered and relied upon the following statutory criteria, whenever such factors were advanced by the parties: the factor of past collectively bargained contracts; comparisons of the unresolved issues relative to the employees in the bargaining unit with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved; the interest of the public; the ability of the public employer to finance and administer the issues proposed; the effect of the adjustments on the normal standards of public service; the lawful authority of the public employer; the stipulations of the parties; and such other factors, not confined to those noted above, which are normally or traditionally taken into consideration in the determination of issues submitted to mutually agreed upon dispute settlement procedures in the public service or in private employment.

ARTICLE 12, WAGES

Evidence and Positions:

This is the most contentious issue between the parties, and their respective positions are indeed some distance apart. Thus, the Association seeks a 3% across the board wage increase in each year of the proposed three-year contract, whereas the City proposes to retain the existing wage structure during year one of the new contract, with a wage re-opener provision to cover years two and three.

In support of its proposals, the Association presented comparisons between the wage rates of Greenville Patrol Officers and Sergeants and those in six other Ohio cities chosen on the basis of population, medium household income and medium household value. Of

the six cities listed, three have recently expired contracts whose future pay rates are accordingly unknown. Even using 2004 rates for those cities, the Association points out that the pay of Greenville Patrol Officers and Sergeants, without a raise, will be substantially below average. Moreover, the Association notes that one such city has agreed to police raises of 3.5%, 3.5% and 4% in 2005, 2006 and 2007, respectively, and that another will raise police wages by 3% in each of the next two years.

In further support of its proposals, the Association notes that the Greenville Police Department has had a 7.5% increase in calls for service over a three-year average, while being currently understaffed. It also points to various statements by city officials indicating that recent revenues have been higher than anticipated, that carryover funds from last year surpassed expectations and that steady job growth (and thus tax revenue) is projected in 2005. In sum, the Association contends that the City's economic projections are overly pessimistic and not adequately supported, and that even the 3% raise it seeks will barely keep pace with the rate of inflation (which both parties agree is currently running at 2.8%), especially when considered in light of the recent .5% increase in City income tax, an increase that will add to City revenue while at the same time decreasing take home pay for its police officers.

The City, in response, points to the following: (1) its cash balance (i.e. carryover funds) is the lowest since 1988, (2) it has been told to expect a 20% yearly reduction in local governments funds provided by the State of Ohio, (3) its budget for 2005 shows a deficit, based on projected revenues less projected expenditures, and (4) two property tax issues are up for renewal in 2005, thereby increasing future financial uncertainty. The City also submitted tables comparing the wages of Greenville Patrol Officers and Sergeants with those in nine other Ohio cities. As perhaps might be expected, these tables reflect a closer nexus between the wages of Greenville Patrol Officers and Sergeants and the average of those in the other cities than do the Association's. In addition, the City notes that its offer (discussed further below) to cover the entire 2005 increase in employee health insurance premiums amounts to a de facto wage increase for unit employees. Finally, the City points out that its Firefighters recently accepted a contract containing the same wage and insurance provisions offered here.

Rationale:

The issue presented here is a difficult one, reflecting an unfortunate but recurring theme in much of America today; local governments seeking to balance budgets in challenging economic times and employees seeking to secure equitable pay for their services. Both parties made excellent presentations of their respective positions, leaving it to me to make a recommendation with which, hopefully, all can live.

Initially, I note that the recent city income tax increase should reasonably lead to a significant yearly revenue enhancement, estimated at approximately \$1,600,000 in 2005. Thus, even if the property tax renewals fail, the City would still retain a net revenue

increase of approximately \$1,000,000/year from these two sources combined. Accordingly, it appears that the City should be able, in the absence of totally unforeseen circumstances, to afford a 3% wage increase for its 18 Patrol Officers and Sergeants (estimated by both sides to cost approximately \$30,000/year plus add-ons) in each of the next three years, even considering projected revenue shortfalls from State sources.

Are such increases warranted? I believe they are. First, departmental workload is apparently up while staffing remains below authorized levels. Second, a 3% raise will barely serve to keep pace with the current rate of inflation, especially when considered in the context of the City's recent income tax increase. Third, comparable jurisdictions generally pay more than Greenville. With respect to comparables, I am reluctant to afford great weight to wage levels in the two suburban Cleveland cities of Bedford and Warrensville Heights, cited by the Association, since both are located in a different part of the state, both must compete for employees with several nearby affluent communities and each has significantly higher income tax rates. But even omitting those two, comparisons with the remaining four cities cited by the Association (all rural communities in Western Ohio, all also included on the table submitted by the City) fully justify a 3% increase for the Greenville police, particularly in the top rate where almost all current employees are located. I also note that police in the only two cities among those four for whom 2005 wage figures are available, Urbana and Wilmington, received increases this year of 3.5% and 3% respectively. Wilmington police are also scheduled to receive a 3% increase in 2006. Even using the City's list of comparables, Greenville Patrol Officers at the top rate will be 4.4% below average in 2005 unless they receive a raise; Greenville Sergeants at the top rate will be 4.3 % below average in the same situation.

I recognize that the Greenville Firefighters recently settled a contract calling for no pay raise in 2005. But, although internal comparability is certainly a consideration, I do not believe it to be a controlling one. I also note that in 2002 the City voluntarily raised the wages of other city employees to match the raise given to this unit pursuant to a Fact Finder's recommendation.

Finally, I believe there are cost savings, together with gains in finality and morale, by settling all terms of a three-year contract at one time, and do not see any compelling reason to deviate from that principle here.

Recommendation:

It is recommended that Article 12, Wages, of the proposed contract read as follows:
"Section 12.1. Effective on January 1, 2005, all full-time bargaining unit employees shall receive a three percent (3%) wage increase.

Beginning Patrol Officer (2005)

	A	B
Hourly	\$14.65	\$15.41
Biweekly	\$1,171.73	\$1,232.70
Annual	\$30,464.93	\$32,050.30

Regular Patrol Officer (2005)

	A	B	C	D	E
Hourly	\$16.96	\$17.82	\$18.69	\$19.65	\$20.64
Biweekly	\$1,357.13	\$1,425.52	\$1,495.56	\$1,572.19	\$1,651.30
Annual	\$35,285.33	\$37,063.52	\$38,884.56	\$40,876.99	\$42,933.70

Sergeant (2005)

	A	B	C	D	E
Hourly	\$19.65	\$20.64	\$21.68	\$22.77	\$23.90
Biweekly	\$1,572.19	\$1,651.30	\$1,734.52	\$1,821.86	\$1,911.68
Annual	\$40,876.99	\$42,933.70	\$45,097.52	\$47,368.46	\$49,703.68

Section 12.2. Effective on January 1, 2006, all full-time bargaining unit employees shall receive a three percent (3%) wage increase.

Beginning Patrol Officer (2006)

	A	B
Hourly	\$15.09	\$15.87
Biweekly	\$1,206.88	\$1,269.69
Annual	\$31,378.88	\$33,011.81

Regular Patrol Officer (2006)

	A	B	C	D	E
Hourly	\$17.47	\$18.35	\$19.26	\$20.24	\$21.26
Biweekly	\$1,397.84	\$1,468.29	\$1,540.43	\$1,619.36	\$1,700.83
Annual	\$36,343.89	\$38,175.43	\$40,051.10	\$42,103.30	\$44,221.71

Sergeant (2006)

	A	B	C	D	E
Hourly	\$20.24	\$21.26	\$22.33	\$23.46	\$24.61
Biweekly	\$1,619.36	\$1,700.83	\$1,786.65	\$1,876.52	\$1,969.03
Annual	\$42,103.30	\$44,221.71	\$46,450.45	\$48,789.52	\$51,194.79

Section 12.3. Effective on January 1, 2007, all full-time bargaining unit employees shall receive a three percent (3%) wage increase.

Beginning Patrol Officers (2007)

	A	B
Hourly	\$15.54	\$16.35
Biweekly	\$1,243.09	\$1,307.78
Annual	\$32,320.24	\$34,002.17

Regular Patrol Officers (2007)

	A	B	C	D	E
Hourly	\$18.00	\$18.90	\$19.83	\$20.85	\$21.90
Biweekly	\$1,439.78	\$1,512.33	\$1,586.64	\$1,667.94	\$1,751.86
Annual	\$37,434.20	\$39,320.69	\$41,252.63	\$43,366.40	\$45,548.46

Sergeant (2007)

	A	B	C	D	E
Hourly	\$20.85	\$21.90	\$23.00	\$24.16	\$25.35
Biweekly	\$1,667.94	\$1,751.86	\$1,840.15	\$1,932.82	\$2,028.10
Annual	\$43,366.40	\$45,548.36	\$47,843.96	\$50,253.20	\$52,730.63

Remainder of Article 12: Present Language

ARTICLE 19 INSURANCES

Evidence and Positions:

It appears to be a constant refrain throughout the state and indeed the nation that health care costs, and health insurance premiums, are subject to recurring and substantial increases. As one consequence, employees are increasingly being asked to shoulder part of the financial burden. This burden sharing is reflected in the language of the recently expired contract, where the amounts to be paid by each party, for single and family coverage respectively, are set forth in precise dollar and cent amounts. Also delineated is a method for handling any mid-term premium increases, with the City responsible for a fixed, initial dollar amount of any increase, and the parties thereafter sharing the cost equally. Although not so stated in the contract, the parties agree that, if expressed in percentage figures, unit employees (presently 7) choosing single coverage now pay 6.7% of their premium costs, while those (presently 8) electing family coverage pay 20% of their premium costs. The three unit employees who do not participate in the City's group health plan, by specific contract language, receive no reimbursement.

The Association now seeks to change the method of expressing the insurance premium cost sharing arrangement, from exact dollar amounts to percentage terms, and to make the percentage figures identical regardless of whether single or family coverage is selected. Thus, under the Association's offer all unit employees electing to participate in the group health plan would pay 15% (and the City 85%) of the cost of present insurance premiums, as well as 15% of any mid-term increases. This would result in cost increases for those employees electing single coverage (with an equivalent saving to the City), but would result in cost savings for those employees electing family coverage (with an equivalent increase to the City). The Association also seeks to add a reimbursement, equal to 75% of the cost of equivalent coverage, for those unit employees electing to opt out of the group health plan.

The City's offer in this area is tied to its wage package and, as it points out, amounts to a de facto wage increase. Thus, the City offers to cover the entire cost of projected health insurance premium increases for the year 2005, amounting to \$126.13/month for single coverage and \$175.76/month for family coverage. Any additional premium increases would be shared pursuant to the existing formula, and the whole arrangement, similar to the wage clause, would be subject to re-opener negotiations for the years 2006-2007. The City flatly opposes any opt-out reimbursement.

Both parties submitted a list of comparable cities, each using the same ones they did for wages. Four cities appear on both lists (Urbana, Bellefontaine, Wilmington and Celina), and there are a total of ten if the two lists are combined. Four of those cities (Urbana, Bellefontaine, Wilmington and Clayton) base employer/employee contributions on percentage figures, two or three (Wapakoneta and Eaton, with the parties presenting conflicting information on Celina) use dollar amounts, and three or four (Bedford, Warrensville Heights, Van Wert, and possibly Celina) pay 100% of health insurance premiums. Of the four cities expressing respective contributions on a percentage basis, Urbana and Wilmington do so on a 90-10 ratio, Bellefontaine uses the 85-15 ratio sought here, while Clayton has a 93-7 split. Eaton's split is not completely clear, since no figures for employer contribution are given, but based on the low numbers for employee payments (\$10/month single and \$25/month family), I will assume that Eaton effectively pays over 90% of premium costs. As noted above, there is conflicting evidence (which I am unable to resolve) with respect to Celina, but assuming that Celina employees do contribute (as the City alleges), the amount of that contribution, if expressed in percentage terms, would be under 10%. Only Wapakoneta of the cited cities requires employees to contribute more than 15% of the cost of their health insurance premiums, the figures being approximately 30% for single coverage and 25% for family.

Rationale:

It seems to me that there is much to be said, such as simplification of language and increased flexibility to handle the seemingly inevitable mid-term increases, for expressing employer/employee health insurance premium contributions in percentage rather than dollar and cent terms. I also note that more comparable cities use percentage language to express employer/employee contributions than any other method, and this is

especially the case if one includes those cities which still pay 100% of premium costs. Accordingly, I shall recommend that the proposed new contract utilize percentage language to reflect the premium contributions to be made by each party.

There remains for consideration the question of what those percentages should be, and also whether they should be the same for single and family coverage. Initially, I believe there is a strong fairness argument on behalf of requiring the same *percentage* contribution from each employee toward the cost of his or her insurance premium, regardless of whether that employee elects single or family coverage. As to amounts, the submitted comparables offer strong support for the Association's position. Thus, even if one omits Bedford and Warrensville Heights and includes all jurisdictions cited by the City, six of eight comparable cities pay a higher percentage of employee health insurance premiums than the Association seeks here, one pays the same, and only one pays less. Accordingly, I shall recommend that the new contract contain an 85-15 split on health insurance premium costs, regardless of whether single or family coverage is selected. In so doing I note that the additional cost to the City in 2005 from using this method, as opposed to its own offer, is by my calculation approximately \$1,500. Finally, and for the same reasons as stated above with respect to wages, I shall recommend against a mid-term re-opener on this issue.

The same comparables which tended to support the Association's position above, however, serve to weaken it with respect to the opt-out proposal. Thus, only two jurisdictions out of ten on the combined list offer such a benefit. Moreover, I would prefer to leave such a proposal to the give and take of future collective bargaining rather than seek to impose it through the fact finding process now.

Recommendation:

It is recommended that Article 19, Insurances, of the proposed contract read as follows:
Section 19.1 and Section 19.2: Present language

"Section 19.3. The Employer shall make a group health insurance plan available to all bargaining unit employees at a level equal to the benefit package provided to other City employees, subject to the following conditions:

- A. The Employer will pay eighty-five percent (85%) per month toward an employee only plan or eighty-five percent (85%) per month toward a family plan.

The employee's share of the cost of health insurance shall be fifteen percent (15%) toward an employee only plan and fifteen percent (15%) toward a family plan.

Payment of the employee's share of insurance premiums shall be made by payroll deduction."

Remainder of Article 19: Present language.

ARTICLE 23, SICK LEAVE:

Evidence and Positions:

The parties are in agreement with respect to most parts of this article. They disagree only with respect to that part of Section 23.7. A dealing with the number of hours of accumulated, unused sick leave which may be converted into dollars upon retirement or voluntary separation after 6 or more years of service. The last contract between the parties provided for a maximum of 360 such hours. The Association now seeks to raise that number to 480, whereas the City wants to retain the existing cap. Once again the parties each submitted a list of comparables. They show that Greenville, while not the lowest in this area, ranks somewhat below average in the maximum number of hours available for conversion.

Rationale:

The evidence submitted provides a plausible basis for some raise in the number of convertible hours. However, in view of my recommendations with respect to wages and insurance, and of the City's financial situation as it faces upcoming property tax renewal votes, I believe a status quo recommendation is warranted here.

Recommendation:

It is recommended that the language of Article 23, Sick Leave, remain unchanged.

ARTICLE 42, TERMINATION

Positions and Rationale:

The parties are in agreement that the proposed contract should be of three years' duration. They disagree only with respect to the City's desire for a wage and insurance re-opener in 2006. For the reasons set forth above in the wage and insurance sections, I shall recommend a straight three-year contract here, with no re-openers.

Recommendation:

It is recommended that Article 42, Termination, of the proposed contract read as follows: "Section 42.1. The economic provisions of this Agreement shall be effective January 1, 2005 or as otherwise specifically provided in the Articles herein. The remainder of this Agreement shall become effective upon signing by both parties. This Agreement shall remain in full force and effect through December 31, 2007."

Remainder of Article 42: Maintain present language.

Finally, I recommend that the parties include all tentative agreements reached during negotiations in their final Agreement.

This concludes the Fact Finders Report and Recommendations. I wish to thank all parties for their helpful and cooperative approach throughout this proceeding.

March 21, 2005

James E. Murphy