STATE EMPLOYMENT RELATIONS BOARD

IN THE MATTER OF FACT-FINDING BETWEEN	:	
INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL 294	:	**CASE NO: 05-MED-10-1122**
AND	:	
FRANKLIN COUNTY CHILD SUPPORT ENFORCEMENT AGENCY	:	**FACT-FINDING REPORT**

HEARING

Hearing Date:	April 27, 2006
Report Issued:	May 23, 2006
Hearing Location:	Child Support Enforcement Agency office 80 E. Fulton St., Columbus, Ohio 43215
County Representative:	Mr. Robert D. Weisman, Esq. Schottenstein, Zox & Dunn, Co., LPA 250 West Street Columbus, Ohio 43215-2538
Other County Participants:	Mr. Aaron L. Granger, Esq., Schottenstein, etc. Mr. Anthony Bond, Director FCCSEA Ms. Christy Russell, Asst. Director, Office of Management and Budget Mr. Scott Solsman, Prog. Coordinator, Benefits Dept.
Union Representative:	Ms. Susan D. Jansen, Esq. Doll, Jansen & Ford 111 West First Street, Suite 1100 Dayton, Ohio 45402-1156
Other Union Participants:	Mr. Don Mann, Teamsters Local 284 Ms. Norma Barnes, Chief Union Steward, Local 284 Ms. Sheri Kwach, Steward Mr. Donn Brust (sp?), Steward Ms. Tinniqua Gurley, Steward Ms. Angie Lightle, Steward
Fact-finder:	William M. Slonaker, Sr., JD, MBA, SPHR

APPOINTMENT

This Fact-finder was appointed by letter dated February 15, 2006, from the Ohio State Employment Relations Board. Pursuant to the appointment, this Fact-finder was bound to conduct a Fact-finding Hearing and to serve on the Parties and SERB his written Report and recommendations on the unresolved issues. Subsequent to the appointment, the Parties agreed to an extension such that the Fact-finder was to serve the Parties with a written Fact-finding Report no later than May 24, 2006. Accordingly, the Fact-finder scheduled and conducted the Fact-finding Hearing as above noted.

STIPULATIONS

1. That only the remaining issues before this Fact-finder are in dispute. That previously withdrawn issues or issues agreed to by the Parties be recommended by this Fact-finder.

2. That all contractual and SERB procedures/time frames preceding the Fact-finding Hearing have been met. Therefore, this matter is properly in Fact-finding.

CRITERIA

Pursuant to Rule 4117-9-05(J) State Employment Relations Board, the Findings of Fact and Recommendations presented in this Report are based on reliable information relevant to the issues before the Fact-finder. In making recommendations, Fact-finders shall take into consideration the following:

1. Past collectively bargained agreements, if any between the parties;
2. Comparison of 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;
3. The interest and 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 standard of public service;
4. The lawful authority of the public employer;
5. Any stipulations of the parties; and,
6. Such other factors, not confined to those listed 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.

BACKGROUND - THE BARGAINING UNIT

The bargaining unit includes non-supervisory employees of the Franklin County Child Support Enforcement Agency ("Agency") including: Clerk, Secretary I, Client Information Specialist, Cashier, Support Payment Processor, Account Clerk I, Legal Secretary I, Secretary II, Legal Secretary II, Balancing Clerk, Software Specialist, Investigator, Paralegal, and Support Officer I. There are approximately 213 employees in the bargaining unit.

The bargaining unit employees provide the establishment and enforcement of the legal obligations regarding payment of child support in Franklin County, which comprises the City of Columbus and other smaller cities and townships in central Ohio. The Agency establishes and enforces support orders and provides modifications to existing orders. The Agency provides a variety of services, including the location or relocation of absent parents responsible for support, the establishment of paternity for children born out of wedlock, the establishment and enforcement of orders for medical insurance coverage and the enforcement of existing court-ordered support obligations. Attorneys and contract providers prosecute non-custodial parents who fail to support their children. The administrative process ensures that payments are made through withholding orders and clears cases without the necessity of court intervention. The Establishment Department establishes and sets orders for children born out of wedlock.

Teamsters Local Union No. 284 ("Union") and the Franklin County Child Support Enforcement Agency ("County") are party to a collective bargaining agreement with an effective date of January 1, 2003 through December 31, 2005.

BACKGROUND - THE COUNTY

Other than the fact that Franklin County is the second largest Ohio county (2000 census population 1,068,978) the general background of the County was not an area presented by the Parties. The County's website indicates that the government structure includes 33 agencies, and its three Commissioners manage a budget of more than $1.25 billion each year. Its AAA-bond rating from Moody's and Standard & Poors place it in the top one percent of counties in the U.S. It notes that in a study conducted by Governing Magazine and Syracuse University, only four counties in America received a higher management score than did this County. Columbus, its largest city, is the Ohio capital and the County seat. A major employer, Ohio State University, is located within the County.

BACKGROUND -- THE ECONOMY

Neither the state of the general economy, nor the state of the economy in Franklin County, were matters presented by the Parties. Nevertheless, a few recent background references on the national economy may help set the stage. Overall, barring catastrophe, the U.S. economy is healthy, although inflation is starting to be a concern.

> If it [rent index] keeps growing at about that pace [3.9%] or even a bit slower – which it did between 1998 and 2003 – the year-to-year growth in core consumer prices could exceed 2.5% by August. Core inflation as calculated by the Commerce Department – the Feds preferred measure – would rise more slowly, because it relies less on rental prices. ("Inflation Data For April Spark Market Tumble," *The Wall Street Journal*, May 18, 2006, p. A1)

> Despite the strong economy, wage growth among most Americans has barely kept up with inflation even as income at the top level has continued to rise as corporate executives, athletes, celebrities and other highly paid individuals enjoy fatter paychecks. ("Their Income Up, U.S. Rich Yield A Tax Windfall," *WSJ*, May 20-21, 2006, p. A1)

> [A]n economic rebound has sent corporate profits to an 11th consecutive quarter of double-digit gains, the longest streak since the 1950s. ("Behind Surging Stock Market: Old-Fashioned Economic Boom," *WSJ*, May 11, 2006, p. A1)

> [W]hile recent data have shown that the economy remains strong . . . inflationary pressure is growing. ("Fed Raises Rates, Keeps Its Options Open for Future," *WSJ*, May 11, 2006, p. A1)

Regarding the U.S. Department of Labor's report for April 2006,

> The slowdown in hiring kept the unemployment rate steady at 4.7% , a level that economists see as close to the threshold below which demand for workers begins to fuel inflation. . . . [E]conomists found evidence of persistent strength in the labor market. The average workweek rose to 33.9 hours from 33.8 hours, an increase equivalent to about 300,000 jobs. Meanwhile, the average hourly wage jumped a larger-than-expected 0.5% to $16.61, a sign that competition for qualified workers is heating up. Compared with a year ago, the average hourly wage was up 3.8%, the largest year-on-year rise since August 2001. ("Hiring Slows, but Strength Is Seen In Rising Pay, Longer Workweeks," *WSJ*, May 6-7, 2006, p. A3)

> The rise in prices last month capped a first quarter in which consumer prices advanced at a 4.3% annual rate, up from 3.4% in 2005. The rising cost of gasoline was the biggest factor in last month's increase . . . . ("Jump in Prices Stirs Rate Concerns," *WSJ*, April 20, 2006, p. A2)

PRIOR NEGOTIATION/MEDIATION

Prior Negotiation/Mediation: The County and Union met in prior negotiation sessions beginning on November 16, 2005, and spent one day in mediation with a SERB-appointed mediator, wherein some issues were tentatively settled.

Issues Resolved by the Parties' Prior Agreement: Agreement was reached regarding all issues brought to the table by either Party -- other than those that are the subject of this Fact-finding Report.

Mediation During the Fact Finding: Further mediation was offered prior to the start of the Fact-finding Hearing, however, both Parties believed that mediation efforts had been exhausted so no additional mediation was conducted on April 27, 2006.

Issues Remaining at Impasse: The following issues were identified by the Parties in their Pre-hearing Position Statements as unresolved.

FACT-FINDING AND RECOMMENDATIONS REGARDING BASIC UNDERLYING FACTORS

FIRST UNDERLYING FACTOR: AGENCY'S SELF-FUNDING (SELF-SUSTAINING) PERFORMANCE

A fundamental factor underlying the consideration of all five issues to be resolved is the unique fact that the Agency is currently self-funding/self-sustaining. With each issue, the Union argues that it should be treated differently from other County units, much as are the Sheriff's Office and the Engineer's Office, because it is unique among other County units. The Union points out, with great pride, that this Agency has been self-funding since 2004, and projects that it will continue through 2007. The County agrees that the Agency's self-funding financial performance will likely continue through 2007. Certainly, those are four great years for the Agency and the bargaining unit members rightfully should be proud of their achievement. Through their hard work the County has one less major unit needing to draw on General Funds for operation. Compared to the other top five counties, this Agency's efficiency and performance data are impressive, and hopefully the County will continue to recognize this Agency's exceptional performance.

A fundamental factor then is to what extent should the Agency's unique performance have on the economics of all five issues? The Union's argument is not without merit - in fact it is an outstanding, insightful argument. However, there are two inherent fatal weaknesses. First, it begs for an artificial "spin-off" of this Agency from the County of which it is part. The County is the employer. The Agency is not a separate entity with ultimate power to determine its destiny. At best, the Agency is likened to an operating division of a corporate enterprise in the private sector, being wholly a part of the corporation (here the County) notwithstanding that its operations are separately accounted for on the books. Ultimately, artificial, separate financial results of operating divisions are consolidated to form one set of real financial statements from which the health of the single enterprise is evaluated.

The second fatal weakness, in this Fact-finder's view, is that the Union's argument is akin to the old adage to not wake a sleeping dog - it just might bite. If economic decisions for 2006 and 2007, such as wage increases, are based on the Agency's remarkable financial performance during 2004, 2005, and projected to continue for 2006 and 2007, the Union might very well encounter its argument coming back to bite it when it needs financial assistance from the General Fund. That is, the County might well argue in the future that the Agency's financial performance is no longer "self-sustaining" and that the bargaining unit members should go without wage increases, or even take wage cuts, to balance its books and maintain its self-funding status. After all, the County could argue, if the Agency's wages benefitted during its good financial times, then logically wages should bear the brunt when its finances worsen.

Recommendation: In summary, for these reasons, the Fact-finder recommends that the Parties accept the economic recommendations that follow on the basis of County-wide considerations, and not on the unique financial performance of this Agency during 2004 through 2007.

SECOND UNDERLYING FACTOR: BALANCING WORK AND FAMILY

A second fundamental factor underlying the consideration of two of the issues to be resolved (Holidays/Personal Days, employee premium contributions) is one that is plaguing most employees and employers of all types, not only those in the public sector. Over the past ten years or so, studies and surveys of workers consistently show that the number one (number two in some studies) problem that workers have today is balancing work and family. For more than two decades, employers have been demanding more time, effort, and productivity from their employees. While the Family and Medical Leave Act (effective 1993) provided some (unpaid) relief to limited, serious health situations, it falls short of providing effective, practical relief for most of employees' common work/family problems.

The County argued that most of this Agency's employees are single parents. The County pointed to its positive efforts to limit the impact of health insurance premium contributions on this group of employees. It is highly commendable that the County is open to the unique needs of this Agency's employees, unlike many employers who refuse to accept the reality that their increasing demands for productivity are harming American families. The County can do its own literature search of this and related issues. As a start, the report titled "When Work Works" (J. Bond, E. Galinsky, and J. Hill, Families and Work Institute, 2002, http://familiesandwork.org/3w/research/downloads/3w.pdf) gives significant insights to the role of workplace flexibility to create a highly effective, productive workforce.

Recommendation: In summary, for these reasons, the Fact-finder recommends that the Parties accept the recommendations that follow regarding holidays/personal days and employee health insurance contributions on the basis that the majority of this Agency's employees (single parents) have unique needs when it comes to balancing work and family. Those employees who are part of families with two parents add to the number of the Agency's employees for whom this is an important underlying factor.

THIRD UNDERLYING FACTOR: COUNTY'S FINANCIAL NEED / ABILITY TO PAY

The County described how in 2005, its new administration faced a $55 million deficit for 2006. It immediately imposed a 3% cut on its agencies' budgets for 2005, and a further 8% cut in 2006 budgets. The County increased its sales tax by ½% to cover the deficit gap and to rebuild its cash reserves. Notwithstanding these measures, the County projects that its 2006 General Fund budget ($291.4) will exceed General Fund revenues ($277.9) by $13.5 million. Its General Fund cash balance for 1-1-06 was 28.9% of its high five years ago. A general fund cash balance of $28.7 million for a county of this size is clearly not excessive, representing only about one month's average General Fund expenditures. Regarding the ½% increased sales tax, one-half of the increase (i.e., 1/4%) will drop off at the end of 2007. Further, sales tax collections were running behind by about $1.4 million for the first three months of 2006. While this amount is itself not significant, the trend may or may not prove to be significant. Additionally, the County noted the need to maintain fiscal responsibility to preserve its AAA-bond rating, which will save the County significant money when it needs to finance projects with bonds.

Overall, the financial status of the County appears to be limited and tight. It does not appear to have the financial means to finance more than minimal increases to its employee related costs. At the same time, hopefully the County will not put the burden of improving its financial condition wholly on the backs of its hourly employees, including this Agency's employees. After all, the County has no product to sell, only services totally dependent on the continued good performance of its employees.

Recommendation: In summary, for these reasons, the Fact-finder recommends that the Parties accept the recommendations that follow regarding economic issues as based on the County's limited financial ability to pay for increases.

ISSUES

ISSUE 1 HEALTH INSURANCE

UNION'S ECONOMIC PROPOSAL

Both the Union and County view the health insurance and wage issues as tied together. The Union notes that a bargaining unit member sees their net pay in their paycheck, but in actuality, when they pay increased co-pays, utilize an emergency room, or pay monthly premium contributions, their real take home pay is impacted.

The Union's proposal on health insurance is simply to maintain the status quo – fully paid health insurance benefits, with no employee contributions toward monthly premiums. During the Summer of 2005, bargaining unit members participated (with bargaining unit members from other unions) in the Joint Benefits Committee, a Labor-Management committee designed to share information and to receive input from the employees of the County. The Committee was to assist with plan design to try to keep costs down. The Union applauds the County for obtaining this kind of employee participation, in lieu of making unilateral decisions regarding health insurance. It not only generates employee input, but also promotes employee education about healthcare issues. It says that this is the most effective way to reduce costs, rather than requiring employees to share in premium costs. The Union's Representative notes that there is very little information to support any connection between requiring employees to pay more premiums and employee usage. Instead, techniques in plan design encourage good practices. For example, plan design can make it more cost effective for an employee to have a primary care physician instead of using urgent care or emergency room services in lieu of a primary care physician.

As part of the Summer 2005 effort, employees accepted increased out-of-pocket costs for such services as urgent care and emergency room care to financially discourage employees from using such facilities as a first resort. The Union endorsed this change which became effective in the plan on January 1, 2006. In exchange for the Union's bargaining unit employees' participation helping the County design cost saving provisions, they seek to continue their fully paid health insurance premiums. The Union asserts that the total cost savings from the cooperation of employees with the County are about $4 million.

The Union notes that this Agency is in a unique position. It is currently self-sustaining, and expects to continue its self-funding through 2007. Because the excellent work of the Agency's employees generates the funds on which it operates, they have essentially already paid for their health insurance. To require contributions toward premiums would effectively cause the Union's members to pay twice – and cause them to contribute toward the costs of health insurance for other County employees. It is a philosophical theme that applies to the economic issues. That is, contrary to other County employees or units, this Agency generates its own revenue, is not reliant on the General Fund, and should be treated differently from other County employees.

For its comparables for health insurance and wages, the Union suggests Ohio's six largest counties (in population):

Cuyahoga County	1,303,978
Franklin County	1,068,978
Hamilton County	845,303
Montgomery County	559,062
Summit County	542,899
Lucas County	455,054

The Union points out that the co-pay "alternative 4" was recommended by the Joint Committee and implemented starting January 1, 2006, and provides co-pays as follows:

	(Eff. 1-1-06)	(Prior)
Primary care:	$10	$10
Specialist:	10	10
Urgent care:	30	10
Emergency room (emergency)	50	25
Emergency room (non emergency)	100	50

The County projected potential savings (with employee behavior changes based on these co-pays) to be about $613,000.

The Union points out that the co-pay "alternative 4" starting January 1, 2006, provides hospital co-pays as follows:

Outpatient hospital:	$75	-0-
Free standing facilities:	150	-0-
Inpatient hospital:	150	-0-

The County projected potential savings (with employee behavior changes based on these co-pays) to be about $1.6 million.

The County made no changes for deductibles ($0 deductible for single and family) and continued the then current maximum out-of-pockets of $500 single, and $1,250 family. Hence, the County projected no savings for staying with the current amounts.

Regarding chiropractic services, the County started "alternative 4" on January 1, 2006, as follows:

Chiropractor visit	$20	$10
Visit limit	30 visits	unlimited
Management program	No	No

The County projected potential savings (with employee behavior changes based on these co-pays) to be about $41,000.

The Union asserts that in the healthcare industry, prescriptions are the primary cost driving element. Regarding prescription drugs, the County chose "alternative 2a" effective January 1, 2006, as follows:

Generic:	$3	$5
Single source preferred brand:	15	5
Non-preferred brand:	30	20
Multi source brand:	30 + diff	20
Speciality (injectibles)	20	20

The County projected potential savings (with employee behavior changes based on these co-pays) to be about $1.4 million.

Additional savings were anticipated from changing the date when new hires started coverage, (from "30 days" to "1st of the month after 30 days of hire."); from changing how long coverage continues after an employee leaves employment (from "1-15 end of month, 16-31 thru end of next month" to "end of month"); and, changing the time period for IRS/student coverage (from "IRS dependent thru end of year of 23rd birthday" to "Student status / up to 23rd birthday").

> The County projected potential savings of these changes to total about $489,000 ($114,000 for hire date change; $96,000 for termination date change; $280,000 for dependent status change).

The Union's members believed that cooperating in good faith with the County (Joint Benefits Committee) to save these various sums would be all that would be required of them, i.e., that the County would not continue to seek contributions to premiums. The Union notes that the negotiations between the Parties were chilled/tainted when the County continued to seek premium contributions, its members felt betrayed. This caused the Union to withdraw its support for the cost savings changes made by the County based on the Joint Committee's work. Ultimately the Committee reported that the changes were projected to save the County approximately $4 million per year. Bill Flarity (sp?), then County HR Director, participated on the Joint Committee. He represented to the Union's two participants on the Committee that it was a matter of "public perception" to have employees contribute to premiums, i.e., in addition to the plan design changes. This was the source of the Union's sense of betrayal that the County did not value the Union's input. The Union believes the County is looking for premium contributions to satisfy public perception. (Note: the County says that both the design changes and the contributions are important, and not merely a matter of public perception as evidenced by not requiring contributions during 2005, and not proposing contributions for 2006.)

The Union presented data for their six proposed comparable counties. Four of the six include employee contributions. Two (Franklin and Lucas) do not. Those data show the following (summary):

Family Plans	Employee contr. High level plans	Employee contrib. Low level plans	Franklin Co. (One plan)
High	$272	$127	$0
Low	0	0	
Average	$97	$56	

Single Plans	Employee contr. High level plans	Employee contrib. Low level plans	Franklin Co. (One plan)
High	$98	$44	$0
Low	0	0	
Average	$37	$21	

Franklin County furnished a blended amount for its healthcare costs: $824 per month (with no distinction between family and single).

The Union points out that Child Support Enforcement Agencies in the counties requiring contributions are not performing at the high level as is this Agency. The others are not self-funding. The Union also notes that the County unilaterally instituted (1-1-06) an employee contribution of $50 per month for employees including a spouse on their coverage. The same employee would be charged $60 in 2007, under the County's proposal.

The Union pointed to the County Engineer's Office and to the County Sheriff's Office data. The

Union agrees that the language in those contracts is broad, and, while the contracts appear that they do not require contributions, it admits it looks as though the County could require contributions when all other County employees are contributing toward their health insurance premiums. (Note: the County disputes using these contracts for comparison, as both the County Engineer and the County Sheriff are separate elected positions, do not report to the County Commissioners, and control their own budgets and workforces. The Union draws a similar parallel since this Agency is in effect currently self-funding.)

The burden is on the County to demonstrate a financial need for the contributions they are proposing. It is not merely an issue of reallocating cost burdens from the employer to the employee. Requiring any premium contribution payment whatsoever must be supported by a demonstrated financial need by the employer. The Union submits that as long as the Agency is self-sustaining, thereby the employees of the Agency paying for healthcare coverage for themselves, that financial need cannot be demonstrated. There is no evidence that the Agency's external funding sources will change for 2006, it may or may not change for 2007, it could happen in 2008. The Union indicated its willingness to tie health insurance premium contributions to its self-funding. That is, currently the bargaining unit members are effectively paying their own total premiums by the fact that the Agency is self-funding all of its revenue needs through incentives received from sources other than the County, i.e., the Federal government. The Union said it is hard to convince its members to pay more for the health insurance when they are, in practice, already paying 100% of it.

The County's proposal for 2008 is that it will be wide open as regards premium contributions. The Union will not abrogate its responsibility as the collective bargaining representative to the discretion of the County and what it may do with its other employees. The current contract caps contributions at $50 per month - even though there were no contributions during 2005. That further supports the fact that the County has no financial need for contributions.

The Union objects to any comparison of public sector employees (predominately non unionized) to private sector employees. The private sector instituted employee contributions long before it was an issue in the public sector. Traditional appeals of working for the public sector have been its retirement and benefits. In the public sector, wages have been sacrificed to get the benefits, including health insurance. Cities are also not fair comparisons. There is no relationship between the financial resources nor the types of work they do. For example, cities do not have the type of agencies as does the County, including this Agency.

The Union will continue to participate on the Joint Committee which has been of value (having come out of a strike by a separate bargaining unit over health insurance). But, participation on the Committee does not abrogate the Union's rights to bargain over health insurance issues.

COUNTY'S ECONOMIC PROPOSAL

The County acknowledges that currently this Agency is self-funded, not drawing on the County's General Fund. However, it notes that should their funds drop below what is necessary to provided their mandated services, then the Agency will need to go to the General Fund - as it has in the past. The County estimates that by 2008 (possibly sooner) the Agency will again be dependent on the General Fund due to dramatic cuts being made by the federal government. The County needs to look at the entire course of the three year agreement (2006, 7, & 8) and make decisions that encompass those years.

In 2005, the County faced a $55 million deficit and needed to take serious action, including increasing the sales tax for the first time in 20 years. Healthcare cost is an ongoing challenge for all employers and unions. The County notes that in 2005, a new County Board of Commissioners came into office. In lieu of starting to collect the $50 per month for spousal coverage, they initiated the Joint Benefits Committee to work on healthcare issues. While the County would have preferred to resolve the issue without employee contributions, the County had to consider two things. One, that related costs have nearly doubled since 2001 ($5,321/annum – blended rate, family and single). Now it is $824/month, $9,888/annum.

The County considered that manyof the Agency's employees are single parents, and the County acknowledges that it is better for them to defer contributions for as long as possible, since they are the employees less able to pay contributions. Thus, for 2006, a single employee, or a single employee with dependents will not pay a contribution. For the bargaining unit, about 89 employees (1-1-06) had spousal coverage. Now, about 69 have spousal coverage. That is, about 20 dropped it, most likely in favor of using their spouses' employers' plans, thus shifting some costs from the County. Starting in 2007, contributions for single employees (including those with children) would be $20 under the County's proposal.

Under the most recent contract, for 2005, Article 14 provided that, if the rest of the County went to an employee contribution, these bargaining unit members would also pay a contribution, up to $50 per month. Thus, this bargaining unit has already agreed to a contribution, even though the County did not implement it in 2005. In 2006, the $50 per month would only be applied to those employees wanting spousal coverage. If they do not want such coverage, then there would be no contribution. Then, in 2007, the contribution for non spousal coverage would be $20 per month, and $60 per month for those seeking spousal coverage (which includes any dependent children in addition to a spouse). For 2006, about 140 bargaining unit members will not be making any contributions because they do not want spousal coverage.

Notwithstanding the savings being realized from the plan redesign efforts, the County still needs additional cost savings through employee contributions. The County's actuary, CBIZ, projects the following increases in healthcare costs for the next five years: 2006 12.35%; 2007 12.5%; 2008 12.75%; 2009 13.0%; 2010 13.25%. (The County acknowledges that further plan design changes could affect the projected growth of premiums.)

The Joint Committee will continue its work of trying to help save costs in the healthcare area. The Committee needs employee contributions as a feature to continue its work. The better job the Committee does, the less of a change will be necessary in 2008. The County agrees with the Union's observation that plan design is the most effective way to affect plan utilization. The County also believes that employee contribution will affect plan utilization in a psychological sense. Contributing to premiums should cause employees to understand that anything they can do to help contain costs will directly affect their future contributions. The County is still absorbing the lion's share of premium increases. For example, the proposed $20 per month for 2007 will raise $240 per year, but the annual premium cost is projected to be more than $10,000. The $50 per month in 2006 for spousal coverage will raise only $600 versus a projected $9,924 annual premium.

The goals of the Joint Benefits Committee include plan design, seeking efficiencies, informing employees about healthcare issues, reviewing use of consultants, evaluation of proposals, all recognizing the common enemy is the healthcare system. Other than for 2008 (left open by the County) the County's proposal reflects the proposal from the Joint Committee.

Overall, the plan changes made thus far (summarized in the discussion of the Union's proposal) have reduced costs. It still is an extremely generous ("Cadillac") plan, considering there is no coinsurance whereby employees would pay a percentage, e.g., 10% or 20% (unless an employee goes out of network). The County uses the United healthcare network, which is very large. Benefits start immediately, except for the co-pays. Employee contributions are still needed, even after the savings generated by the Joint Committee, since the Committee has already identified the biggest areas for savings, with the smallest impact on employees. They have been designed to change usage behavior. For example, the new co-pay for non emergency use of an emergency room is $100 (old was $50) but the total cost for such use is $750 – the County paying the bulk – not the best use of the County's or employee's resources. The same is true on the contribution side of the issue - looking for ways that would have the least impact yet help modify behaviors. Nationally, for large private and public employers, average employee contributions for single coverage is about $600 per year, and about $2,400 per year for family coverage. [Kaiser Family Foundation Survey] And note: for these plans, a single parent with children would be contributing at the family rate.

For 2007, the Joint Committee recommended that some contribution start for single coverage (including single with dependents) at $20 per month to help with rising costs. The County believes that the Joint Committee will begin addressing the issue of what to do in 2008 and beyond.

The County estimates that county-wide, for 2006, about $2.2 million in savings is coming from the requirement for employee contributions ($50 per month) to cover spouses. It is currently in negotiations with the County Sheriff's bargaining units. The Sheriff's Department is the only department not yet contributing the $50 per month. The total $4 million in savings is to the health benefits fund. The fund is much like a savings account into which County funds and employee contributions for healthcare premiums are deposited. Funds from this Agency are deducted from Agency accounts and transferred into the health benefits account. Amounts contributed by employees for premiums are deducted from their pay and deposited into the account. The fund then pays the healthcare invoices.

RECOMMENDATION: The Joint Benefits Committee was a wise move on the County's part. As noted by the Union, it not only provided a means for employee input, but also was an effective means to educate employees about ways to help save medical expenses, thereby reducing health-care costs in the long run. In the future, perhaps the County can be more clear with Committee members as to its intentions and the consequences of the Committee's work. The Union rightfully felt betrayed when the Committee recommended substantial cost-saving plan design changes and then were still confronted with demands for employee contributions.

On the positive side, the County wants to maintain a good medical plan for its employees, and for the immediate future is willing to continue to bear the lion's share of healthcare insurance increases. At the same time, the plan's increased co-pays, along with an employee contribution, will negatively impact the effective take-home of the bargaining unit members.

The issue of employee contributions is interwoven with the issue of wages. The Fact-finder is having a very difficult time trying to find a rabbit in his hat that will satisfy both Parties. At best, he has found recommendations that are half-rabbit/half-squirrel and offers the recommendations on both employee contributions and wages as a workable solution, but one which he acknowledges will require both sides to accept features they would rather not accept.

Overall, healthcare premiums jumped 73% between 2000 and 2005 (Kaiser Family Foundation, cited by *The Wall Street Journal* in: "Target Transfers More Health Costs To Its Employees," May 20-21, 2006, p. A7). The mutual efforts of the County and its employees in the Joint Benefits Committee substantially helped with cost control. However, the Committee picked the low hanging fruit, and it will become more difficult to find additional savings. Unfortunately, the days of healthcare insurance fully funded by employers is coming to a crashing end – in both the public and private sectors. Employees must begin to help with premium payments. Unfortunately, this Fact-finder believes that the grief over paying for healthcare will continue as a major troublesome issue in the public sector for the foreseeable future.

The Union's comparables reflect that employee contributions to health insurance are inevitable. The County's health insurance plan is closer to the "high level" plans cited by the Union. The average contribution for family plans is $97. The average for single plans is $37. The County's plan does not distinguish between the two, but rather operates with a blended premium. The average for the family and single employee contribution is $67 per month. This is likely on the low side since many employers have more employees using family plans (married or single with children) than they have employees wanting single benefits. As the County noted, its proposal for employee contributions will require the following:

1-1 to 3-31-2006	no contributions for any employee
4-1 to 12-31-2006	no contribution for single (including covering children) $50 per month for employees covering their spouse
1-1 to 12-31-2007	$20 per month for single (including covering children) $60 per month for employees covering their spouse (includes any children)
1-1 to 12-31-2008	unknown – whatever is paid by other County employees

The Fact-finder finds the County's proposal for employee contributions during the first two years of the contract (2006, 2007) to be fair, reasonable, and necessary. As noted by the County, the Union had previously agreed to employee contributions (not to exceed $50 per month) for the contract year 2005. (Admittedly, the County never imposed contributions during 2005.) The contributions proposed for 2006 and 2007 will not even pay one month's premium toward healthcare costs.

Two additional aspects of the County's proposal are intertwined and present different issues:

> The Union agrees to accept the County's medical benefits plan provided to other employees of the Franklin County Board of Commissioners during the term of this Contract in a manner consistent with other provisions of this Article. Any changes implemented in the overall County plan design will be discussed prior to implementation with the Joint Benefits Committee of which the Teamsters are a member.
>
> Effective January 1, 2008, the Union agrees to accept the County's medical benefits plan provided to other employees of the Franklin County Board of Commissioners in 2008 including but not limited to the premium payment amount. Should any changes to the County's plan be implemented in 2008, the Union will be given prior notice of the change and upon request by the Union, a County representative will meet with the Union and explain the changes in the plan, and receive and consider their input.

The major common element with both of these portions of the County's proposal is that they are open ended. The two competing considerations are: it is desirable that the County's healthcare plan be consistent across its unionized bargaining units; but, the Union's objection to abrogating its role as the collective bargaining agent for its members is well taken. By the time both Parties may accept this Report and execute their new agreement, 2006 will be nearly half over. The plan terms for 2006 are already in place. The Joint Committee is in place to discuss additional plan design enhancements for 2007. The Union's exposure for 2007 appears to be minimal. However, the issue of benefits and contributions for 2008 has significant exposure for the Union and its bargaining unit members. Just as there is no easy way out for the members to avoid some contributions toward premiums, there is no easy way out for the County to avoid its future good faith bargaining obligations over the healthcare issues.

(Note: regarding the Union's argument that the Agency is self-funding and has thereby already paid its health insurance premiums, see above discussion and recommendation under "First Underlying Factor." Regarding the County's ability to pay, see above discussion and recommendation under "Third Underlying Factor.")

For these reasons, the Fact-finder recommends that the Parties agree to:

1. The County's proposal for employee contributions toward healthcare premiums for the years 2006 and 2007, to wit:

1-1 to 3-31-2006	no contributions for any employee
4-1 to 12-31-2006	no contribution for single (including covering children) $50 per month for employees covering their spouse
1-1 to 12-31-2007	$20 per month for single (including covering children) $60 per month for employees covering their spouse (includes any children)

2. The County's proposal that the Union accept the County's medical benefits plan provided to other employees for 2006, and that it accept the plan provided to other employees – *on a non precedent setting basis* – for 2007.

3. Reopen bargaining over premium contributions and plan benefits for the third year of the Agreement, 2008.

ISSUE 2 WAGES

UNION'S ECONOMIC PROPOSAL

The Union has three parts/issues to its wage proposal:

1. It proposes that the bargaining unit members' required PERS contribution (historically picked-up and paid directly by the County to PERS) be added to the employees' base pay, and then (by deduction from their base pay) be paid over by the County to PERS. The Union explains that this will increase each employee's base pay (by about 9%) which will help them with applications for credit, housing, loans, etc. Under the current system, potential lenders only consider base pay and do not add the value of the PERS contribution pickup to base when making credit decisions. By effecting this proposed change, the members' base pay will show a higher amount, with the then immediate deduction for their PERS contribution. Thus, net pay will remain the same. The County is not opposed to doing this.

2. The Union proposes increases as follows: 5% as of 1-1-06; 5% 1-1-07; and 4% 1-1-08. The one percent drop for 2008 is in response to the potential for federal reimbursements to drop in 2008. However, for 2006 and 2007, (based on information

supplied by the County) the Union anticipates that the Agency will continue to be solvent through its self-funding mechanisms.

3. The Union proposes for the first time a longevity component, as set forth in its proposed Appendix C. The longevity component to wages would add a fractional percentage to base pay to recognize each employee's length of service.

(Note: a fourth aspect of the Union's wage proposal tentatively has been agreed to by the Parties. The Union proposed to drop the incentive provisions that have historically been in the contract. The County agrees that the provisions have never been applied and agrees with the Union's housekeeping proposal to delete it. In its place, the Parties tentatively agreed to a new annual "Employee Performance Review" referencing the new evaluation form in the new Appendix B.)

The Union's overarching argument is that the Agency is self-funded (at least for 2006 and 2007) and therefore any consideration of the state of the County's General Fund is less relevant for those two years, than it may be for 2008. That is, the Union states that it anticipates that no General Fund money will be necessary to fund this Agency for 2006 and 2007.

The Union's comparables again include the other five largest counties in Ohio. It uses 2005 dollars for comparison, and factors in the "pension pickup" to its calculations, as do the other five counties.

	Clerk		Secretary 1		Client Info Spec		Account Clerk 1	
	Entry	Top	Entry	Top	Entry	Top	Entry	Top
Averages (5)	10.03	11.74	10.57	12.73	11.12	13.15	11.99	14.29
Franklin Co.	10.13	10.54	10.28	11.96	10.63	12.82	10.63	13.26
Difference	+.10	-1.20	-.29	-.78	-.49	-.33	-1.36	-1.03
Percentage	+1%	-10%	-2.7%	-.6%	-4.4%	-2.5%	-11.3%	-7.2%

	Legal Sec. 2		Software Spec.		Paralegal		Support Off. 1	
	Entry	Top	Entry	Top	Entry	Top	Entry	Top
Averages (5)	12.02	14.36	12.12	14.30	13.97	17.54	13.75	16.38
Franklin Co.	11.25	13.58	12.50	15.66	13.78	17.21	13.78	17.89
Difference	-.77	-.78	+.38	+1.36	-.19	-.33	+.03	+1.51
Percentage	-6.4%	-5.4%	+3%	+9.5 %	-1.3%	-1.8%	+.002	+9.2 %

	Support Off. 2	
	Entry	Top
Averages (5)	14.88	17.86
Franklin Co.	15.69	17.02
Difference	+.81	-.84
Percentage	+5.4%	-4.7%

Additionally, the Union presented annual percentage increases for the five counties, summarized as follows:

	2003	2004	2005	2006	2007	2008
Five Co.s	2.6%	2.3%	2.9%	2.8%	3.0%	N/A
Franklin	2.0%	2.0%	2.0%*	TBD	TBD	TBD

*plus $275-300

The Union notes that its increases have been below average during the prior two years. Again, the Union notes that it is not asking the General Fund to pay its proposed increases, since the Agency is self-funding.

The Union presented internal comparables for organized units, summarized as follows:

2006	2%	Engineer's Office, Coroner's Office, Facilities Management, Job & Family Services
	3%	Sheriffs Deputies, Sgts, Lts
	Reopener	Public Service Workers
2007	2%	Facilities Management
	4%	Sheriffs Deputies, Sgts, Lts
	Reopener	Public Service Workers
	Same % as non union	Coroner

The Union projected the net effect of the County's proposed **1%** increase to wages - less the County's proposed $60 per month (spousal and family premium contribution starting in 2007) and concluded that for 2007, bargaining unit members would **lose** between **1.12% to 2.35%**, depending on their wage level, with the lower paying job classifications losing a larger percentage.

The Union projected the net effect of the Union's proposed **5%** increase to wages - less the County's proposed $60 per month (spousal and family premium contribution starting in 2007) and concluded that for 2007, bargaining unit members would **gain** between **1.80% to 2.89%**, depending on their wage level, with the higher paying job classifications gaining a larger percentage.

The Union projected the net effect of a hypothetical **3.5%** increase to wages - less the County's proposed $60 per month (spousal and family premium contribution starting in 2007) and concluded that for 2007, bargaining unit members would **gain** between **.29% to 1.42%**, depending on their wage level, with the higher paying job classifications gaining a larger percentage. Thus, a 3.5% increase in 2007 is slightly better than breakeven after the health insurance premium contribution.

(The Union used 2007 for its computations because it is primarily concerned about the second year of the contract (2007) when the health insurance contribution proposed by the County would kick in.)

The Union noted that as of January 1, 2006, there were 20 vacant positions within those jobs held by bargaining unit members - out of 222 total Agency positions - which is saving the County approximately $504,000 per year. (Note: the County asserts that there are currently only 10 vacancies in the Agency.) The Union says that 10 of the positions are permanently vacant.

The Union asserted that the County planned for a budget increase of 3.3% for 2006. Total General Fund Revenues are projected to increase from $234 million in 2005 to $274 million in 2006.

The Union presented "Franklin County CSEA Budget Presentation Handouts, November 3, 2005." This shows that the Agency last used General Funds in 2003 in the amount of $655,258, being 4.0% of the Agency's revenues. Usage in 2002 was $1,324,850, being 8.7% of its revenues. For the years 2004, 2005, and (projected) 2006 and 2007, the Agency did not use General Funds. Further, since 2002, revenue sources (e.g., Federal Financial Participation) have been consistently increasing. The Union noted that this Agency's "expenditures per Case" is second lowest compared to the other five counties, and that its "Federal Cost Effectiveness Ratio" (ratio of child support collections per expenditures) is first.

The Union suggests that the Agency has been operated in a fiscally responsible manner, and that the employees have worked very hard to generate the revenues to make it self-sustaining. Hence, this Agency's funding is different from other County agencies, and its wage increases should be viewed differently from other agencies, and should not be placed in the lockstep of 2% faced by other agencies. For 2006, the Agency requested a budget of $18,019,770, but was approved for $17,688,284. The Union notes that if there is any uncertainty about funding for the Agency, it is limited to 2008, when the Agency may need to draw from the General Fund to supplement its funding. An uncertainty also exists with the healthcare coverage issue. The Union does not want to sign on to what appears to be a total unknown. While the Union does not like reopeners, perhaps one is justified for wages and healthcare. It may be better than speculating out to 2008.

COUNTY'S ECONOMIC PROPOSAL

The County proposes **1%** across the board increases for 2006, 2007, and 2008. In addition, for 2006, the County proposes to pay a one time **lump sum of $120** for 2006 - not to be added to base pay. (The County notes that a $300 lump sum would equate to about a 1% increase.)

The County commends the bargaining unit members for their hard work and accomplishments. Unfortunately, the County faces serious economic challenges.

The Sheriff's Office is very different from this Agency, the Sheriff is separately elected, and is not comparable to this Agency for wages. Further, it is a fact that since 9/11 law enforcement has been favored by most people – the reality of the marketplace.

As noted by the Union, this Agency has needed General Funds in the past, and will likely need to draw from it again in the future. Negotiations with other Unions have produced 2% increases. In 2005, non bargaining employees received 0% increase, and they are contributing to health insurance premiums.

The County last conducted a market adjustment for this Agency in 1999 – when economic times were better. Economically, the County is not in a position to do that again.

In years past, the Union asked the County to pickup employees' contributions to PERS and the County agreed. (The Union points out that the pickup started 15 years ago at the Union's request, and in exchange, the bargaining unit members accepted a 0% increase that year.) The County recalls the pickup cost it 8½% back then to pick it up (in phases) and that the employees took home more pay as a result. The County has no objection to the Union's requested PERS change, that is, moving from the County picking it up and paying it directly to PERS to adding it to the employees' base pay and then deducting it from the employees' pay. However, there are significant costs associated with that change. The County's costs for medicare (1.45%) workers' compensation (1.17%) and especially the employer's share of PERS (13.7%) will increase because of the employees' higher base wages (against which these amounts are computed). The increase will continue through future years. The County estimates the costs to shift payment of the employees' portion of PERS from the employer to the employee to be about 2% of total payroll cost. In other words, what the County currently totally pays for payroll will increase by 2%. The County also notes that any wage increases now or in the future will also result in a higher cost because those costs will be applied to the higher base that includes the employee's PERS contribution. (The Union notes that for prior years, the County saved money by picking up the bargaining unit members' share of PERS; and, that the increased costs [2%] will come from the Agency's funds since it is self-funding.)

In 2005, under the new County administration, the County realized that it had been drawing against reserves to balance the County's budgets. For 2005, the new Commissioners faced a $55 million deficit starting 2006, without sufficient reserves to make it up. Reasons included lower investment income, drawing on the General Fund balances, and increasing expenses. The County imposed the ½% sales tax increase. Half of the increase (1/4%) is permanent, while the other half (1/4%) will drop off on December 31, 2007. At the time of the increase, the County committed to residents and to its credit rating agencies that the temporary 1/4% would be used to rebuild General Fund cash reserves. Even so, the total ½% sales tax increase has not remedied the $55 million deficit. (Each 1/4% is roughly $40 million.) The County instituted 8% budget cuts for 2006, to help bridge the gap. Even with these measures, 2006 expenditures are still higher than projected 2006 revenues, with a projected deficit of about $14 million. In other words, the budget is still not structurally balanced. (The Union notes that there has been no gap in the Agency's funding – since 2003, when it last received funds from the General Fund.)

While this Agency is self-sustaining now, the future demands that wages increases be fiscally responsible in anticipation of 2008, when the Agency will again need to draw on the General Fund. The County estimates that the Agency will need about $1.4 million in 2008, $1.6 in 2009, and $1.8 million in 2010. Further, the County is only one of a few to have a AAA-bond rating. To continue it, the County must conform to fiscally responsible practices.

The County offered the following data:

	Investment Earnings:	Local Government Allocation:	Sales Tax
2001	$38.4 million	$28.9 million	$81.6 million
2002	32.7	26.9	80.9
2003	16.3	26.5	80.6
2004	13.0	26.6	85.2
2005	18.6	26.9	84.8
2006	21.0 (projected)	26.8	170.4

	Gen Fund Revenues:	Gen Fund Budget:	Gen Fund Beginning Cash Balance:
2001	$238.2 million	$292.2 million	$82.4 million
2002	233.9	305.1	99.4
2003	226.5	301.7	88.4
2004	225.1	281.2	72.7
2005	238.7	277.2	50.6
2006	277.9 (projected)	291.4	28.7

The tax revenues for the first three months of 2006 are significantly below conservative projections, running about $1.4 million behind estimates.

One reason the County is offering a lump sum payment in 2006 of $120 (not to be added to base) is so that today's generosity does not come back to haunt the County in 2008, when may not have the money to pay it. The County's other contracts do not have lump sums for 2006.

Overall, the County is doing its best to address the employees' concerns, through the 1% wage increases and the lump sum in 2006. Today's environment is different. For example, airlines are in bankruptcy, Delphi employees are negotiating how much of a cut they will have to take as a part of Delphi's bankruptcy. The County is different. Even when it faced a $55 million deficit, the worst it did to some of its employees was not increase their wages. The County's position has always been that it wants to avoid layoffs, maintain essential services, to help the community grow and develop, and to accomplish these the County must remain fiscally responsible. (The County notes that the proposed new stadium will not involve the use of General Fund monies, but rather will be constructed using private money.)

Regarding the Union's proposal for longevity pay. The County's contracts with other bargaining units do not have longevity provisions. They were negotiated out of the Job and Family Services contract several years ago. The County did not find longevity was related to merit. It would represent a significant, ongoing cost, beyond 2007.

The County's proposal is a good offer, all things considered.

RECOMMENDATION:

The Union's comparables by position are essentially asking for market adjustments to a number of its entry level and top level pay positions. The current financial condition of the County clearly does not justify a market adjustment. Hopefully, the County will again be in a financial condition when it again can do what it last did in 1999.

The Union's comparables for wage increases (averages 2.8% 2006, and 3.0% for 2007) are compelling. Such increases would merely keep up with inflation and likely would result in lowered take-home in light of the Fact-finder's recommendation for employee contributions toward health insurance premiums. However, the cost (estimated at 2% of total payroll cost) to the County in agreeing to shift the amount of employees' PERS contributions to their gross wages must be considered as at least a partial offset. The Union was firm in seeking its PERS shifting proposal. The County agreed to shift the PERS contribution to the members' gross wage amounts. Fifteen years ago, when the County agreed to pickup the employees' PERS contributions, the Union's bargaining unit members' take home pay went up, notwithstanding that the Union agreed to a 0% wage increase. The County estimated its then total cost for the pickup to be about 8 ½%. It seems inconsistent for the Union to ask the County to now incur costs to shift the amount of the employees' PERS contributions to their gross wages without some specific consideration in exchange. The Fact-finder recommends that the Parties essentially split that cost, by the Union agreeing to accept one percent less than its comparables would otherwise suggest - 2%. But for the shifting of the PERS amount, this Fact-finder would have recommended 3% across the board increases. Hence, the County will save 1% by the Union accepting the 2% recommendation. The County's negotiations with other Unions have produced 2% increases. By accepting the recommendation for 2% increases, the County also will gain the advantage of consistency.

On the other hand, the Fact-finder accepts the Union's position that 2008 is too far out to project the economic health of the Agency, and for that matter of the County. As 2008 nears, the Parties will have a better understanding of the effectiveness of the County's cost cutting and revenue increasing efforts. The Parties can better estimate the effect of the 1/4% sales tax increase dropping off on December 31, 2007. The Parties will have the benefit of knowing the then direction (positive or negative) of the national, state, and local economies. Thus, the Fact-finder believes that the Parties should agree to reopen the issue of a 2008 wage increase.

Regarding the Union's proposal for longevity pay, the proposal clearly has merit for trying to lower the Agency's relatively high turnover rate (25% per annum). The Fact-finder suggests the Parties consider exploring (through a Joint Labor Management Committee) ways to reduce that rate. Both Parties lose when an employee leaves the Agency. Examine the total costs of turnover, including indirect costs of replacing an experienced worker with one that needs to be trained, the disruption caused to work flow, and the time it takes for the new employee to get up to speed. Turnover costs (direct and indirect) can be high. This Fact-finder recalls reading several years ago that the total cost for a fast food restaurant to replace one of its lowest level counter clerks was about $3,000, and about $7,000 to replace one pizza worker. Total costs to replace a high level manager in any organization can run as high as two times annual salary. The Parties may find substantial savings if they can reduce turnover within the Agency – perhaps useful to help justify a longevity wage component. However, adding longevity pay at this time clearly would be inappropriate considering the County's financial condition and lacking better justification for a new wage component.

The County also proposed a lump sum payment of $120 for 2006, not to be added to base. Two thoughts: one, the amount is low; and, two, that any lump sum should be paid for 2007 to help the employees absorb the cost of contributions to health insurance premiums. The Fact-finder believes that a lump sum of $180 should be paid in 2007.

(Note: regarding the Union's argument that the Agency is self-funding and should thereby have its wage proposal considered separately from members of other bargaining units employed by the County, see above discussion and recommendation under "First Underlying Factor." Regarding the County's ability to pay, see above discussion and recommendation under "Third Underlying Factor.")

(Note: the matter of "roll-ups" was subsumed within the overall presentations and discussions of the economic issues, and such were impliedly included within the proposals made by the Parties, and are impliedly included within the recommendations made, without specific discussion thereof – much the same as the Parties and Fact-finder have impliedly assumed the earth's continued rotation without specifically addressing same.)

For these reasons, the Fact-finder recommends that the Parties agree to:

1. Shift the amount of each employee's contribution to PERS from the existing pickup by the County, to reflecting it as an addition to each employee's gross wages (with the corresponding deduction therefrom).

2. Across the board wage increases of 2% for each of the first two years of the Contract, effective as of 1-1-2006, and 1-1-2007.

3. A lump sum of $180.00 to be paid with the first pay after 1-1-2007.

4. To reopen bargaining for a possible wage increase for the third year of the Contract, 2008.

ISSUE 3 OVERTIME

UNION'S ECONOMIC PROPOSAL

The Union proposes deleting the following words: "Vacation, compensatory time off, personal days, and" from the rest of the sentence which reads: "sick leave shall not be considered as hours worked for computing overtime." The effect of the deletion would be that hours for vacation, comp-time, and personal days would be included for purposes of computing overtime. Only sick leave would be not be considered when computing overtime. The reasoning for the proposed change is that vacation, comp-time and personal days are benefits negotiated by the Union, and that its members should not be penalized for using those days.

The Engineer's Office and the Sheriff's Office contracts provide that these hours are included for purposes of computing overtime. The Engineer's Office also includes sick leave hours for computing overtime, which the Union is not proposing. The Coroner's Office contract includes vacation and comp-time for computing overtime. The contracts for the Civilian Employees, for the Patrol Communications Technicians, and for the Deputies in the Sheriff's Office include all "paid status" for computing overtime, including vacations, comp-time, personal days, and sick leave.

Overtime to these bargaining unit members is often offered with very short notice, interfering with their personal lives. The bargaining unit members cooperate and work the overtime. The proposed deletion would provide additional incentive and compensation in connection with working overtime.

This Agency has a high level of employee turnover. The Union estimates (and the County confirms) it is as high as 25% per year. This proposal is a way to help compensate employees without directly using wages. (The County admits that a number of the positions in this Agency are high-stress jobs that may lead to turnover.)

COUNTY'S ECONOMIC PROPOSAL

The County proposes no change to the language in Article 26. The County objects to using the contracts referenced by the Union as comparables. Those are separate employers with separate contracts. Throughout the County, where the County is the employer in both union contracts and non bargaining employees, none are given credit for vacation, comp-time, or personal time when computing overtime. The Fair Labor Standards Act does not require that those days be included for computing overtime since the FLSA covers only hours worked. The County has a philosophical problem with the concept. It does not accept that when an employee is off work on vacation that those hours should be counted toward overtime. Overtime is costly. The County has consistently opposed the Union's proposal.

RECOMMENDATION

The purpose of the FLSA's provision for time and one-half over 40 hours per week (along with minimum wage and limits on child labor) was to reduce the abusive working conditions in 1932, especially in manufacturing plants where 12-hour days and six-day weeks were common. During the Great Depression, it also encouraged employment by spreading jobs among more people. The original purpose of time and one-half was to compensate workers for workweeks longer than 40 hours. The Fact-finder agrees with the County that, absent some other compelling reason, changing the provision for computing overtime is not appropriate.

For these reasons, the Fact-finder recommends that the Parties agree to the County's proposal on this issue, i.e., no change, continue the status quo.

ISSUE 4 HOLIDAYS / PERSONAL DAYS

UNION'S ECONOMIC PROPOSAL

Currently, Agency employees receive 10 holidays. The Union proposes adding one additional holiday - "The fourth Friday in November (following Thanksgiving Day)." The Union also proposes to add "Four (4) Personal Days, to be used in a minimum of 4 hour increments."

The contract between the County and its Department of Job and Family Services provides for 12 holidays - including the day after Thanksgiving and the employee's birthday/personal day. The Union needs personal days so employees will not need to take vacation days to attend to important personal matters. As noted earlier, this bargaining unit is composed primarily of single parents, and they often need to take off with short notice to care for their children. They need some accommodation. Additionally, employees cannot take any vacation leave until they have been employed for one year. This proposal will help retain newly hired employees and help improve morale. With a turnover rate of about 25% per year, something needs to be done. The County must be losing a significant amount of money for training and bringing new hires up to speed to replace those who are leaving.

The Sheriff's Office and the Engineer's Office contracts both provide for 40 hours of personal leave per annum.

COUNTY'S ECONOMIC PROPOSAL

The County's proposal includes one extra day. It cannot be specified as the day after Thanksgiving because the Agency needs to be open that day, but employees can use the one additional personal day to take off that day. The Agency can operate with a skeleton crew on the day after Thanksgiving. Other than for the Job and Family Services contract, none of the other County contracts (where it is the employer) have more than 10 holidays.

In addition to the 11 days off, employees can receive comp-time, vacation, sick leave, and wellness incentives (Article 37) in terms of hours off in exchange for using fewer than eight hours of sick leave. For long-term employees, they have the potential for 42 days off during a year. Even a 5-year employee is eligible for up to 26 days off. (The Union notes that to get to the 42 days, one would need to be employed for 25 or more years. The bargaining unit has 7 members with more than 20 years, and 11 over 10 years, but less than 20.)

On turnover, the County agrees that the rate is comparatively high at 25%, but notes that some of the turnover includes employees transferring to other County jobs.

RECOMMENDATION

As discussed in the above section, "Second Underlying Factor: Balancing Work and Family," the Union has touched upon an urgent need of its bargaining unit members. This proposal presents a perfect opportunity for the County to recognize the unique contribution made by these bargaining unit members achieving their high level of efficiency and being self-sustaining during the past two years, projected to continue during 2006 and 2007. It is an opportunity to acknowledge that this Agency's workforce is primarily single parents. The County can step from the sidelines and take an action that will directly benefit families without a cash consequence. The employees in this Agency have been so productive and efficient that the County should trust them to continue to turn out their good work – even with two personal days.

Additionally, considering the Agency's high turnover rate, new employees who have completed three full calendar months of service also should be included as eligible for the two personal days. This small benefit may help recruit new employees. Remember, new hires are not eligible for FMLA (unpaid) leave until they have worked 1,250 hours during a 12 month period. By including them as eligible for the two personal days, the new hires will have some minimal relief for unexpected family emergencies, such as a sick child.

This recommendation will not directly satisfy the Union's proposal for one additional holiday – the day after Thanksgiving. The Parties should reconsider the Union's proposal when they reconsider wages for 2008.

For these reasons, the Fact-finder recommends that the Parties agree to two personal days per annum (to be used in minimum increments of four hours) for bargaining unit members, including new hires who have completed three full calendar months of employment with the Agency. Further, the Fact-finder recommends that the Parties agree to reopen the issue of granting the members one additional holiday – the day after Thanksgiving – for 2008.

ISSUE 5 VACATIONS

UNION'S ECONOMIC PROPOSAL

The Union proposes to increase the vacation accrual for the top two of the current six levels for accruing vacation as follows:

Change:	15 years but less than 20 receiving 180 hours per year (22.5 working days)
To:	15 years but less than 22 to receive 200 hours (25 working days)
Change:	20 years or more of service 200 hours per year (25 working days)
To:	22 years or more of service 240 hours per year (30 working days)

The County's contract with its Childrens Services provides for the same two levels. The Union argues that the changes will help with turnover and will benefit fewer than 18 of its bargaining unit members.

COUNTY'S ECONOMIC PROPOSAL

The County proposes to maintain the status quo. The County has maintained a consistent vacation accrual schedule for all employees directly under the control of the County Commissioners (bargaining and non bargaining). It's a consistency and a cost factor. The current schedule is generous.

RECOMMENDATION

The Union presents no compelling reason nor offers anything in exchange for changing the current schedule for accruing vacation time. Four and one-half weeks after 15 years of service, and five weeks after hitting 20 years of service appear reasonable under the current circumstances.

For these reasons, the Fact-finder recommends that the Parties agree to the status quo for the vacation schedule, with no changes.

ADDITIONAL RECOMMENDATIONS EFFECTIVE DATES OF CONTRACT AND TENTATIVE AGREEMENTS

The Fact-finder recommends that the Parties agree to enter into a three year contract, effective as of January 1, 2006, and continuing through December 31, 2008.

The Fact-finder recommends that the Parties agree that all tentative agreements reached by the Parties be part of the Parties' collective bargaining agreement.

The tentative agreements furnished to the Fact-finder as part of the Parties' Fact-finding materials include all of the following, which are incorporated by reference.

ARTICLE 1	ABSENCES
ARTICLE 5	DUES CHECK OFF AND FAIR SHARE
ARTICLE 7	DISCIPLINARY SYSTEM
ARTICLE 10	FAMILY AND MEDICAL LEAVE OF ABSENCE
ARTICLE 12	GRIEVANCE AND ARBITRATION PROCEDURE
ARTICLE 16	HOURS OF WORK

ARTICLE 17	JOB CLASSIFICATIONS
ARTICLE 18	JOB POSTING AND BIDDING
ARTICLE 20	LAYOFF AND RECALL
ARTICLE 22	MILITARY LEAVE
ARTICLE 26	OVERTIME AND COMPENSATORY TIME
ARTICLE 27	PAYDAY
ARTICLE 29	PROBATIONARY PERIOD
ARTICLE 33	SENIORITY
ARTICLE 35	SICK LEAVE USAGE AND WELLNESS INCENTIVE

SUMMARY OF FACT-FINDER'S RECOMMENDATIONS

ISSUE 1: HEALTH INSURANCE

Recommendation: That the Parties agree to:

1. The County's proposal for employee contributions toward healthcare premiums for the years 2006 and 2007, to wit:

1-1 to 3-31-2006	no contributions for any employee
4-1 to 12-31-2006	no contribution for single (including covering children) $50 per month for employees covering their spouse
1-1 to 12-31-2007	$20 per month for single (including covering children) $60 per month for employees covering their spouse (includes any children)

2. The County's proposal that the Union accept the County's medical benefits plan provided to other employees for 2006; and, that it accept the plan provided to other employees - *on a non precedent setting basis* - for 2007.

3. Reopen bargaining over premium contributions and plan benefits for the third year of the Agreement, 2008.

ISSUE 2: WAGES

Recommendation: That the Parties agree to:

1. Shift the amount of each employee's contribution to PERS from the existing pickup by the County, to reflecting it as an addition to each employee's gross wages (with the corresponding deduction therefrom).

2. Across the board wage increases of 2% for each of the first two years of the Contract, effective as of 1-1-2006, and 1-1-2007.

3. A lump sum of $180.00 to be paid with the first pay after 1-1-2007.

4. To reopen bargaining for a possible wage increase for the third year of the Contract, 2008.

ISSUE 3: OVERTIME

Recommendation: That the Parties agree to the County's proposal on this issue, i.e., no change, continue the status quo.

ISSUE 4 HOLIDAYS / PERSONAL DAYS

Recommendation: That the Parties agree to:

1. Two (2) personal days per annum (to be used in minimum increments of four hours) for bargaining unit members, including new hires who have completed three full calendar months of employment with the Agency.

2. Reopen the issue of granting the members one additional holiday – the day after Thanksgiving – for 2008.

ISSUE 5 VACATIONS

Recommendation: That the Parties agree to the status quo for the vacation schedule, with no changes.

ADDITIONAL RECOMMENDATIONS

Recommendation: That the Parties agree to

1. Enter into a three year contract, effective as of January 1, 2006, and continuing through December 31, 2008.

2. All tentative agreements reached by the Parties becoming part of the Parties' collective bargaining agreement.

Note: the Fact-finder, in preparing this Report and making his Recommendations, considered the oral presentations made at the Fact-finding Hearing and supporting documentation submitted by the Parties, even though not referenced in this Report.

THE FOREGOING RECOMMENDATIONS ARE RESPECTFULLY SUBMITTED to the Parties as a proposed settlement for their interest dispute concerning the terms and conditions of their collective bargaining agreement.

Fact-finder

Wm. M. Slonaker, Sr.

William M. Slonaker, Sr., JD, MBA, SPHR