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IN THE MATTER OF FACT-FINDING

BETWEEN

THE CITY OF COSHOCTON

AND

AFSCME OHIO COUNCIL 8, LOCAL 2551

BEFORE: Robert G. Stein

SERB CASE NO. 06-MED-04-0531

PRINCIPAL ADVOCATE FOR THE CITY:

Timothy A. Turner, Mayor
CITY OF COSHOCTON
760 Chestnut St.
Coshocton OH 43812

and

PRINCIPAL ADVOCATE FOR THE UNION:

Louis J. Maholic, Staff Representative
AFSCME OHIO COUNCIL 8
1145 Massillon Road
Akron OH 44306-4161

INTRODUCTION

The bargaining unit involved in this fact-finding is comprised of approximately thirty-six (36) full-time service employees who occupy various classifications. The description of the bargaining unit is contained in Article 2 of the Collective Bargaining Agreement (hereinafter "Agreement"). The Agreement's expiration date is June 30, 2006 and negotiations for a new contract began several months ago. Located in central Ohio, Coshocton is an extremely attractive, well-maintained municipality with a population of approximately 11,500 people. It is also a well-known tourist destination.

With the concurrence of the parties, at the start of the hearing the Fact Finder attempted to resolve the remaining unresolved issue through mediation. During mediation discussions the City informally proposed what it characterized as a compromise settlement, and the Union negotiating team considered it and informally countered with movement toward the City's position. However, complete agreement could not be

reached and the parties proceeded to fact-finding. The single issue of employee health care premiums was submitted to fact-finding.

The Advocates and the parties' representatives represented their respective parties well. They clearly articulated the position of their clients on each issue in dispute and provided considerable supportive data. In order to expedite the issuance of this report, the fact-finder shall not restate the actual text of each party's proposals on each issue but will summarize each party's position and make reference to their Position Statements. The Union's Position Statement shall be referred to as UPS and the Employer's Position Statement shall be referred to as EPS.

BACKGROUND AND THE PARTIES' POSITIONS

The City is self-insured for health care coverage. The single issue in dispute between the parties involves employee health care premium payments. During negotiations other aspects of health care coverage were tentatively agreed upon by the parties to include agreement upon moving from the current and long standing plan that provided nearly 100% coverage for medical expenses to a new plan that represents 80/20 coverage. The other bargaining unit in the City that represents fire fighters agreed to move from 100% coverage to 80/20-coverage effective April 1, 2005. All non-union city employees have been covered by the 80/20-plan

for almost two years. However, the fire fighters' collective bargaining agreement, while including an agreement to move to an 80/20 level of coverage, does not include a provision for employee's to pay bi-weekly health premium payments toward their health coverage. In contrast, non-bargaining unit employees in the City began contributing toward the cost of their health care premium by paying \$10 per pay for single coverage and \$20 per pay for family coverage effective July 1, 2006. The City contends it plans to negotiate for employee health care premium contributions with the fire fighters' bargaining unit during the next round of negotiations in 2008.

The City's proposal would require the AFSCME bargaining unit employees to have deducted from their pay the same health care premium employee contribution now being paid by non-union City employees. The Union argues that changing to the 80/20 plan, which will impose higher deductibles and co-pays, already represents the imposition of costs on the bargaining unit. The Union argues that the imposition of premium payments, in addition to a move to the 80/20-plan, would "wipe out" any economic gains (e.g. the tentatively agreed upon 3% raise each year of the Agreement) negotiated by the parties. The Union also argues that the City has not demonstrated economic need to impose employee premium payments in addition to the 80/20-plan.

The City argues that it is "struggling to survive" due to the loss of business and industry in the City, and that the annual cost of providing health care /prescription drug coverage as well as providing vision, dental, and life insurance benefits now exceeds \$15,000 per employee. The City also emphasizes that their proposal to institute employee premium contributions is in line and even modest when compared to other public entities in Ohio. The City argues that the fire fighters were the first bargaining unit to accept the 80/20 plan approximately sixteen months ago and they have had to absorb the additional costs associated with this coverage, while the AFSCME unit has maintained 100% coverage. It is a matter of simple fairness that the AFSCME bargaining unit now take the lead by agreeing to a plan that other employees have had for several months and to make premium contributions to their health care coverage.

CRITERIA

OHIO REVISED CODE

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

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

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

ISSUE INSURANCE

The City points out that for many years it has been successful in providing very good health care coverage for its employees. However, in recent years the challenge of maintaining 100% employer paid coverage to its employees has been increasingly difficult. The City argues it has attempted to keep health care affordable by increasing deductibles and out of pocket costs for other employee groups. In spite of these serious efforts at cost containment, the City, on average, has experienced substantial increases in premiums. However, the record also indicates that the City also provides health care coverage to part-time employees, including members of City Council. This experienced neutral has served in fact-finder and conciliation proceedings in many cities regarding the issue of the expense of providing generous health care coverage to part-time employees and others who work substantially less hours for a public entity. Short of having to eliminate such costly coverage in favor of sustaining reasonable coverage for full-time employees, some cities would continue coverage for part-time employees, but now require said employees to pick up a substantial part of the premium costs that far exceed what the City is proposing in the instant negotiations. Employees and their unions are understandably skeptical of a public entity that while struggling to continue to provide health care coverage to full-time employees

seemingly ignores savings that could simply be realized by a change in policy of providing generous health care coverage to employees or others who are not full-time.

The Union asserts it is willing to agree to have employees pay a reasonable share of the premium, but does not wish to have bargaining unit employees unduly exposed to dramatic increases in health care premiums. It is also noted that the parties have agreed upon the introduction of a longevity benefit that in addition to a general wage increase should provide employees with additional compensation for years of service.

Public employers in Ohio and practically anywhere in the country are struggling to continue to provide affordable healthcare for their employees. With the exception of outsourcing, the issue of healthcare has become, in many instances, the most difficult ongoing issue faced by unions and employers in negotiations. It appears from the evidence that but for the exception of addressing the cost of providing healthcare benefits to part-time employees and others who are not employed full time, the parties have been doing all they can to scrutinize their plan and to make adjustments in benefits in order to maintain good affordable coverage.

Currently the majority of Ohio public employees contribute toward the payment of their health care coverage. However, this shift of costs

has not occurred suddenly, but in many cases has been phased in gradually. Employer-sponsored health care plans have little by little gone from being 100% employer paid to employees sharing some of the costs. It is also noted that much of the cost shifting to employees began well before the current difficult times faced by Ohio public sector employers and their unions. During those more prosperous times, public sector employers in Ohio were often successful in negotiating increases in the employee's share of the premium in exchange for larger wage increases, or other enhanced benefits. This fact-finder was involved in shifts away from 100% employer paid health care as early as the mid-1980s, in which negotiated "quid pro quo" exchanges were made. It should also be remembered that when the 3%, 5%, 10%, or 15% phase-ins occurred in the 1980s and 1990s, the health care premiums were dramatically lower, wage increases were often higher, and in the 1990s inflation steadily remained low by historical standards. It is also a matter of conditioning and adjustment. The employees who have paid 5% to 10% over many years or the equivalent in dollar amounts, have had time and experience to adjust to the seemingly annual increases in premiums and have had time to adjust their family budgets accordingly. A gradually conditioned and anticipated increase in premium is far different than suddenly thrusting upon employees significant monthly costs, particularly without any offsetting economic gains in other parts of the collective bargaining

agreement. However, the reality is there are fewer and fewer public or private sector employers that provide full coverage, particularly for family coverage. And that reality, compounded by the loss of business and industry in Ohio is what the parties are facing.

Based upon the history of bargaining that established the last agreement and comparable trends in the public sector in Ohio, an increase in cost sharing of insurance premiums in the form of a dollar contribution is supported during the life of the Agreement. However, to be consistent with the history of most other public sector jurisdictions and with its own internal history in dealing with other unionized employees, employee increases in health care premiums should be gradually imposed. The fact that the contracts of the fire fighters and AFSCME are offset by years is not the fault of either party and is a common occurrence within public entities in Ohio. Therefore, it is not reasonable to attempt to achieve exact symmetry with regard to the imposition of changed benefits and the cost associated with them. However, it is clear that in both the public and private sectors there is substantial precedent for employees to share in the cost of health care premiums.

Determination

ARTICLE 37 HOSPITALIZATION INSURANCE

Section 1 and 1.A as tentatively agreed upon by the parties **with the new 80/20 health care coverage to go into effect September of 2006.**

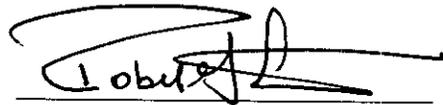
Add new language:

New: Section 1.B. Effective September 1, 2007 employees shall be required to contribute toward their health care premium as described in Section 1 above in the amount of \$10 per pay for single coverage and \$20 per pay for family coverage.

TENTATIVE AGREEMENTS

During negotiations the parties reached tentative agreement on several issues. These tentative agreements are part of the recommendations contained in this report.

The Fact-finder respectfully submits the above recommendations to the parties this 31st day of August in Portage County, Ohio.

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

Robert G. Stein, Fact-finder