STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD

In the Matter of the Fact-Finding Between:

Ohio Patrolmen's Benevolent Association	)	
	)	
Employee Organization	)	
	)	
and	)	Case Nos. 2013-MED-11-1551, 1552, 1553
	)	
	)	
Hancock County Sheriff's Office,	)	
	)	
Employer	)	

APPEARANCES:

For the Union:

Michelle T. Sullivan, Union Representative
Nicholas Clevidence, Communication
Tim Saltzman, Deputy Sheriff
Matt Kinsinger, Sergeant
Jason Seem, Sergeant

For Hancock County Sheriff's Office:

Aaron Weare, Employer Representative
Wendy Schimmoeller, Employer Representative
Captain Roger Treece
Cris Bell

Before Sarah Rudolph Cole, Fact-finder

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Introduction

The Ohio Patrolmen's Benevolent Association ("Union") represents the three bargaining units at issue in this case. The three bargaining units consist of 35 employees and comprise the Hancock County Deputy Sheriffs, Sergeants, and Communications Officers. The parties negotiated a three-year collective bargaining agreement for each of the bargaining units. Each of the collective bargaining agreements expired on March 8, 2014. The parties reached tentative agreements on many items before the fact-finding hearing and those items are incorporated and recommended as part of this fact-finding report. Prior to fact-finding, the parties engaged in mediation in order to resolve the remaining issues. During mediation, the parties reached agreement on Article 14—Sick Leave and Leaves of Absence, Article 19—Vacation, Article 20—Holidays, where the parties agreed to add Labor Day to the existing six holidays for which employees receive their regular straight time wages for eight hours plus time and one-half pay for the hours actually worked on the holiday; Wages, Article 21.2, where the parties agreed to remove the chart in Article 21.2 and agreed to the union's proposed language in 21.3, which would provide a printout to union members showing how the wage adjustment in 21.2 was calculated and specified when the printout would be provided to the member; in Article 28, Section 28.4, the parties agreed to the following language in section c:

"Any employee that is arrested for the possession, use, distribution, or manufacture of illegal drugs may be placed on an unpaid administrative leave of absence from the employee's position with the Employer, awaiting the resolution of the criminal arrest. If the employee is convicted, enters into a plea arrangement, or otherwise admits guilt regarding the possession, use, distribution, or manufacture of illegal drugs, the employee shall be terminated. If the employee is found to be not guilty of the criminal charges described in this section, the employee shall be paid for the amount of time spent on unpaid leave at the employee's base hourly rate of pay. However, the Employer may discipline the employee for any other policy and/or work rule violations that may have occurred. Nothing within this section shall be construed as a waiver of any rights to appeal in accordance with Article 11 herein; however, an arbitrator shall be limited to determining whether the act occurred and if so, shall be without any power to modify the termination."

The parties also agreed to extend the .5% longevity pay, which currently ends when an employee has been working for 23 years, to employees up to and including their 30th year of employment. Thus, for each subsequent year of completed service up to a maximum of thirty years, an additional one-half percent will be added to the employee's base hourly wage rate. The Employer agreed to withdraw its proposal to alter compensation time. Finally, the parties agreed that their Agreement would be effective as of March 8, 2014 and remain in effect until midnight on March 7, 2017. Any and all other agreements reached during mediation are to be considered part of this fact-finding report.

The parties were unable to reach agreement on two issues: Article 21.1 Hourly Rate and Article 22.1 Insurance. The parties submitted these remaining unresolved issues for fact-finding. The parties met on May 28, 2014 at the Hancock County Engineer's Office in Findlay, Ohio.

Critieria

Ohio Revised Code § 4117.14(C)(7) specifies the criteria the Fact-finder is to consider when making a decision:

(a) past collectively bargained agreements, if any, between the parties;

(b) comparison of the issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;

(c) the interests 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;

(d) the lawful authority of the public employer;

(e) the stipulations of the parties;

(f) such other facts, not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding, or other impasse resolution proceedings in the public service or private employment.

Discussion

Wages – Hourly Rate

The bargaining unit employees (deputy sheriffs, sergeants and communications officers) in the Hancock County Sheriffs' office seek a 4% increase in their rate of pay over each of the next three years. The Employer agrees that an increase is appropriate, but proposes increases of 1.75% over each of the next three years.

Union Position

The Union believes that its proposed 4% increase over each of the next three years is justified because it would create balance among wages, insurance cost increases, and cost of living increases. The Union submitted evidence that the overall consumer price index has increased two percent in the last year with the cost of food increasing 1.9% and energy costs increasing 3.3%. In addition, the bargaining unit employees' insurance premiums increased 16% for each year of the past agreement.

While acknowledging that Hancock County Sheriff's office bargaining unit employees are well paid in comparison to similarly situated public employees in Northwest Ohio, the Union contends that their members' out-of-pocket health care costs are fourth highest of the ten counties the Union identified as comparable and third highest out of six counties that maintain high deductible health insurance plans. The Union believes that its proposed increase in wages will help offset increased costs in the economy as well as the likely increasing costs of healthcare in the workplace.

The Union emphasizes that the County can well afford the proposed increases. According to the Union, non-unionized County employees received significant raises of 3% in 2011, 2.5% in 2012 and 2.8% in 2013 while bargaining unit employees over the same period received raises of only 2%, 2.2% and 2.8%. In addition, the Union notes that, since 2009, four employees have left the bargaining unit and have not been replaced. As a result, remaining employees are required to make do with fewer people to help.

Ultimately, the Union believes that the County can afford to pay these proposed raises and that its consistent increase in insurance premiums over the last several years and proposed future increases makes a 4% wage increase over each of the next three years essential.

Employer Position

The Employer recognizes that it has the ability to increase employee hourly wage rate but disputes the need for a raise as high as the one the Union proposes. The Employer emphasizes that the wages the unionized employees receive are comparable to similarly situated public employees throughout the region. Not only do these employees receive comparable wages but, once their longevity benefit is considered, it becomes clear that these employees receive substantially higher wages than other employees in the comparable region.

Acknowledging that it has the ability to pay, the Employer nevertheless noted that the County Commissioners decreased yearly appropriations to the Sheriff's office in 2014 by 4.4%. The Employer must live within its budget, the Employer states. Thus, it cannot afford to pay the Union members the proposed increases. In response to the Union's contention that non-union employees received better raises than unionized employees over the last three years, the Employer submitted evidence that non-unionized employees received zero percent raises in 2009 and 2010 and were forced to take five furlough days in 2009 and 10 furlough days in 2010. The Employer argues that the unionized employees have not shared in the financial burdens the County has faced and, thus, are not entitled to higher wage increases than the non-unionized employees have enjoyed.

The Employer also countered the Union's argument that higher wage increases are necessary to offset proposed insurance premiums. The Employer contends that with 1.75% wage increases for each of the next three years and an insurance premium increase to 20% of the cost of the insurance, employees will still see significant gain in their income even if most of the employees select family insurance rather than single insurance (see Employer exhibit entitled "insurance costs vs. wage increases."). For example, in 2014, with the 1.75% increase, employees would see an annual increase of $956.80 in their paycheck while their insurance premium, which is currently $222.43 per month for family coverage, would only increase to $261.68 per month (if the employer's proposed 20% increase is implemented), which would result in an employee paying $471 per year for health insurance premiums. Thus, the employee would still take home $485 (before taxes) more in wages than he or she received in 2013. In light of the limited budget and that comparable counties pay their employees *less* than the unionized employees in Hancock County receive, the Employer believes its 1.75% increase in wage rate over each of the next three years is more appropriate than is the Union's proposed 4% raise.

Recommendation

I recommend that the wage rates of the unionized employees in Hancock County be increased by 2.25% in 2014, 2.5% in 2015 and 2.75% in 2016.

Rationale

Hancock County Sheriff's office unionized employees are well-paid compared to their counterparts in comparable counties. In their fact-finding presentations, both the Union and the Employer argued that Allen, Seneca, Wood, and Putnam counties are comparable to Hancock County. With respect to deputy starting pay, Hancock leads that group, paying almost a dollar more per hour to deputies. Deputy ending pay comparisons reveal that Wood and Putnam exceed Hancock County pay to deputies but that Seneca and Allen pay less than does Hancock County. With respect to sergeants, Hancock pays less than Wood for sergeant starting pay, but more than Seneca, Allen and Putnam. For sergeant ending pay, Hancock pays less than Wood, but, again, more than the other three. For dispatchers, Hancock County pays the highest rate in both a starting and ending pay comparison with these four counties. Thus, Hancock County Sheriff's unionized employees are well-paid compared to their similarly-situated public sector counterparts in Northwest Ohio. SERB data, cited by the Employer, reflect that public employees in Northwest Ohio (Toledo), in 2013, received, on average, a 1.39% raise.

Nothing in the parties' presentations suggests that the Employer is unable or unwilling to increase the employees' wages. It is more a question of how much the wage increase should be. Non-unionized employees received a 2.8% wage increase in 2013. As the Employer points out, however, non-unionized employees received zero percent wage increases and furlough days only four years ago while unionized employees received hourly wage rate increases.

At the same time, insurance costs are clearly rising and there is some question about whether preferred provider plans will remain in place or whether, at some point, employees will only be able to enroll in a high deductible plan. I recommend a slightly higher wage increase than the Employer proposed so that Hancock County employees remain in a better financial position to weather unknown insurance premium increases and changes and because the Employer is well-situated to afford these minor increases in wages.

Insurance

Union Position

The Union is very concerned about the rapidly increasing cost of health care for the employees of the Hancock County Sheriff's office. The Union contends that the bargaining unit members risk a very high maximum cost exposure compared with their counterparts from other counties in Northwest Ohio. For example, in 2014, a Hancock County employee's family with PPO coverage risks a maximum out-of-pocket exposure (maximum potential costs plus annual premiums) of $8,669.04. Families selecting the high deductible plan face an even higher maximum exposure risk of $13,262. The Union is concerned that this potential exposure, which could come to fruition if a family experienced a catastrophic illness, would cost an employee 20-30% of his annual salary, depending on which plan the employee selected. The Union does not want to see an increase in premiums for its members because of these high actual and potential costs.

The Union also submitted evidence from SERB's 2013 Annual Report on the Cost of Health Insurance in Ohio's Public Sector. This report reveals that the average percentage of insurance premiums paid by public sector employees is 13.3% for individual coverage and 13.8% for family coverage in counties whose population is between 50,000 and 149,999 residents. The Report also states that in the Toledo area, public sector employees pay, on average, 11.4% of the premium for single coverage and 12.9% for family coverage. In terms of dollar amount, the Report, Table 16.1, states that, in the Toledo area, public employees with family coverage typically pay $190 in premium per month and $65 when single coverage is selected. Using these numbers, the Union contends that the Employer has no basis for increasing premiums for single and family coverage to 20% from 17%. Finally, the Union is concerned that over the long term the Employer may eliminate the PPO plan entirely. The Union urges the Fact-finder to view the wages and insurance issues as a "package" since increased insurance costs greatly impact an employee's take-home pay.

Employer Position

The Employer contends that its proposed increase in the employee's share of the premium cost to 20% of the total cost is reasonable in light of increasing health care costs for the County and taking into account comparable evidence. According to the Employer, it must address increasing costs of health insurance in a manner that spreads the burden among all County employees and that bargaining unit employees, like non-unionized employees, must be part of the same health plan. The Employer emphasizes that only with a single health plan can the County maintain affordable premium costs while still maintaining a higher quality health insurance plan. In the Employer's view, all employees receive the same insurance benefits and therefore must share the same costs for the insurance.

The Employer contends that, in the area comparable to Hancock County, all employers but one pay the same percentage of the insurance premium that the Employer is proposing during fact-finding. Moreover, all contiguous counties except one require employees to pay up to 20% of the insurance premium or what other county employees pay, up to 20% of the insurance premium. The Employer emphasizes that it must keep within its budget and that the Employer's proposed wage increase, even when combined with its proposed health insurance premium increase, will enable employees to take home more in pay than they currently do.

Recommendation: The employee share of the insurance premium shall not exceed the following: in 2014, the employee's share shall not exceed 18% of premium costs; in 2015, the employee's share shall not exceed 19% of premium costs and in 2016, the employee's share shall not exceed 20% of premium costs.

The parties agreed in their materials that it is appropriate to compare Hancock County to Allen, Putnam, Seneca and Wood counties (although they both note that Wood County has a much larger population). Allen and Seneca Counties have a "not to exceed 20%" requirement for the employee's premium share; Putnam maintains a 20% premium share, and Wood appears to have approximately a 15% premium requirement. As noted above, each of these counties, except Wood, have lower starting and ending pay for deputy sheriffs, dispatchers, and sergeants than does Hancock County (note that Putnam has slightly higher ending pay for deputy sheriffs than does Hancock). Thus, similarly-situated counties believe it is appropriate to require employees to pay up to 20% of the health insurance premium.

There is no question that the Employer's insurance costs are increasing and that it is important for the Employer to be able to insure all employees under one plan. At the same time, increases to health insurance premiums reduce employees' overall take-home pay. In order to make the impact of increased premium costs more gradual, a phase in of the "not to exceed 20%" requirement is appropriate. Thus the Fact-finder recommends the increase in premium share be introduced gradually over the course of the next three years, as follows: 18% in 2014, 19% in 2015 and 20% in 2016.

S. Cole

Sarah Rudolph Cole, Fact-finder

Columbus, Ohio
June 24, 2014

CERTIFICATE OF SERVICE

The foregoing document has been served by email to Michelle Sullivan, msullivan@allottafarley.com and Aaron Weare, aweare@clemansnelson.com, and the State Employment Relations Board, Mary.Laurent@serb.state.oh.us, on the 24th day of June, 2014.

Sarah Rudolph Cole