

STATE OF OHIO

STATE EMPLOYMENT RELATIONS BOARD

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STATE EMPLOYMENT
RELATIONS BOARD

IN THE MATTER OF FACT-FINDING)
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SARGUS JUVENILE CENTER)
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and)
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DISTRICT 1199, SERVICE EMPLOYEES)
INTERNATIONAL UNION)

Case No. 97-MED-01-0021

John R. DeBonis, for the Employer
Jennifer Schmitt, for the Union
Before Matthew M. Franckiewicz, Fact-finder

FACT-FINDER'S REPORT AND RECOMMENDATIONS

This proceeding involves a reopener to the current collective bargaining agreement. Pursuant to the provisions of section 4117 of the Ohio Revised Code, the undersigned fact-finder was appointed on March 28, 1997. By mutual agreement, the parties postponed the due date for the fact-finding report until July 7, 1997.

The hearing was held on June 30, 1997 at St. Clairsville, Ohio. The hearing was conducted in an informal manner, and mediation techniques were utilized. Both parties were afforded a complete opportunity to bring to the fact-finder's attention all the facts and arguments which they desired to present.

Background

Pursuant to the rules promulgated by the State Employment Relations Board, the fact-finder is to take into account the following factors:

1. Past collective bargaining agreements between the parties;
2. Comparison of the issues with those issues involving other public and private employees doing comparable work, with consideration of factors peculiar to the area and classification involved;

3. The public interest and welfare, the ability of the employer to finance and administer the items involved, and the effect of the adjustments on the normal standard of public service;
4. The lawful authority of the employer;
5. Any stipulations of the parties;
6. Such other factors which are normally or traditionally considered in the determination of issues submitted to mutually agreed-upon dispute settlement procedures in public service or in private employment.

In the preparation of this report, I have been guided by the factors listed above.

The current collective bargaining agreement, which is the initial agreement between these parties, is effective from April 28, 1996 through April 28, 1999. Article 14 (Wages) contains a reopener limited to wages for the second and third years of the contract term.

The current agreement divides the employees into a number of classifications. Classifications I and II pertain to full time employees. For employees in these classifications, the current agreement provides a base rate, and annual step increases, for the most part 15 cents per year. Classification III includes intermittent and part time employees. The current agreement provides flat rates, without step increases, for intermittent and part time employees. The proposals set forth by the parties contemplate that the step system will continue for full time employees, and further contemplate that wage increases for the second year of the agreement will be retroactive.

Both parties propose a 6 percent increase for Class III employees in the second year of the agreement, and an additional 6 percent increase for Class III employees in the third year of the agreement. In addition, the parties both propose that Class III employees who reach 2080 hours will receive a 3 percent increase for the balance of the contract term. Thus all aspects of the agreement pertaining to the approximately 18 intermittent and part time employees have been resolved. Both parties contemplate a 3 percent increase to group home houseparents in 1998. Finally, both parties are in accord that the step increases will be effective as of the employees' anniversary dates, for certain employees whose anniversary dates have already occurred in the second contract year (including Pat Yoho, Debbie Darrah, Joe Dobrzynski, Sara Wiggins, Shirley Keadle, and Linda Bragg).

Since the parties are essentially in accord on those aspects of the agreement discussed in the preceding two paragraphs, I shall recommend that these provisions be included as part of the agreement for the second and third years.

The parties are in disagreement as to the wage rate for the approximately 8 Classification I employees, and the 3 Classification II employees. The Employer proposes a 3 percent increase for these employees in the second year of the contract. It would calculate the new rates by multiplying each current step in the salary matrix for Classification I and Classification II, by 1.03. The Employer would make these increases retroactive to the beginning of the second contract year. The Employer proposes a similar 3 percent increase for the third year of the agreement. The Union, by contrast, proposes a 5 percent increase (retroactive to the beginning of the second year) in the second year of the agreement, and a 4 percent increase in the third year of the agreement, for all Classification I and Classification II employees. Thus the Union seeks an average annual increase of about 4.5 percent for Classification I and II employees, in comparison with the Employer's proposed 3 percent increases.

Since the parties are in harmony as to the new wage rates for the majority of employees (Classification III), it appears that when viewed in the context of the Employer's overall labor costs, the difference between the parties is relatively small.

Analysis and Recommendations

There is no real dispute that the employees involved herein are relatively underpaid. The fairly substantial percentage increases provided to them in the first year of the agreement are essentially an acknowledgement of the fact that they have been at a pay disadvantage for years. To the extent that data is available, the suggestion is that even after the increases of the first contract year, the employees are paid substantially less than employees performing similar work in other Ohio counties.

If one considers the importance of these employees to the young people with whom they deal, and the value of their services to society as a whole, one would easily conclude that each of these employees ought to receive higher wages than someone who kicks a football, hits a baseball, or dribbles a basketball. The reality, of course, is that people are not paid according to the social utility of what they do. Just as the wealth of sports owners has a substantial impact on the large salaries paid to professional athletes, so also must the ability of this Employer to afford wage increases be taken into account in fashioning any realistic recommendation for wage increases. The bargaining unit employees must recognize that wage disparities which developed over a number of years cannot be completely rectified in one year, or even two.

The Employer's budget projects a deficit for the current year. It is possible to fund such a deficit since substantial savings were realized in the past year, resulting in a sizeable surplus. This surplus was not accomplished without some pain to the bargaining unit. For example, the bargaining unit position of assistant teacher was eliminated. In addition, the Employer has obtained revenues by housing juveniles from outside Belmont and Harrison Counties. (The two counties contribute to the costs of the Center.) The increased population resulting from housing the outside juveniles obviously imposes additional duties and stress on the bargaining unit.

Even though a surplus makes it possible for expenditures to exceed revenues in the short term, such an approach cannot be maintained indefinitely, since the surplus will soon evaporate. At the same time, it must be noted that the current year deficit in the budget is something of a worst-case scenario. For example, the budget is based on an assumption that revenues resulting from housing outside juveniles will decline by about \$200 per day from the previous year. The budget projects arbitration and related costs at \$17,000, which seems inordinately high in a unit of this size. It also fails to anticipate any savings as a result of turnover. (In consequence of the step system, a cost savings results from replacing an experienced, higher paid, employee with a new, lower paid, employee.)

I recognize, of course, that a budget must be formulated in a conservative manner, in order to be prepared for whatever may happen. But I also realize that life does not usually deal out the worst possible hand. In all likelihood, the Employer's revenues will be somewhat higher than projected in the budget, and its expenses somewhat lower than projected. I recognize that the lengthy recent Wheeling-Pittsburgh Steel strike will have a negative impact on 1997 tax revenues for Belmont and Harrison Counties. I further recognize that the Employer cannot simply command the County Commissioners of Belmont and Harrison Counties to increase their contributions. At the same time, the Commissioners

must realize that these employees are not expected to be volunteers, and are entitled to be paid a liveable wage.

The task for the fact-finder, is thus to set forth a recommendation which provides the employees with deserved wage increases, while not placing the Employer in an untenable fiscal situation.

Most recent projections that I have seen forecast future inflation rates of between 2 and 3 percent. Thus if the bargaining unit employees are to achieve any real gains in purchasing power, their wage increases over the remaining term of the contract must average more than 3 per cent per year. I believe that with continued careful management, as all present at the hearing acknowledged has been provided by Executive Director Beth Oprisch, I believe that the Employer can realistically afford wage increases which average somewhat (although not excessively) above the rate predicted for inflation. In order to give the Employer maximum flexibility in planning for such increases, I shall allocate the bulk of the recommended increase to the final year of the agreement. Accordingly, my recommendation for the second year of the agreement is as follows:

Classification I and Classification II employees shall receive a 3 percent increase in the second year of the agreement, retroactive to the beginning of the second contract year.

This is identical to the Employer's proposal for the second contract year, and I would compute the new wage rates for each step in the same manner as the Employer, by multiplying the current rate for the applicable step by 1.03.

With respect to the final year of the agreement, my recommendation is as follows:

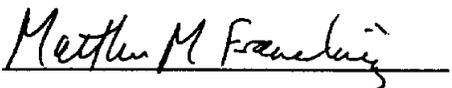
Classification I and Classification II employees shall receive a 4.5 percent increase in the third year of the agreement.

This is the average of the Union's proposals for each of the years covered by the reopener. The specific rates for each step would be calculated by the same process of multiplying by 1.045, as outlined above.

As can be seen, my recommendation is something of a blend of the proposals of the Employer and the Union. It is extremely unusual for any party to collective bargaining negotiations to achieve all that it hopes for. More commonly, it is necessary for both parties to swallow hard, recognize the legitimate needs of the other party, and compromise for the sake of reaching an agreement. I believe that the recommendations set forth above represent the best accommodation of the employees' legitimate wage aspirations, with the Employer's legitimate concern for fiscal responsibility and prudence.

As noted above, I also recommend that the agreement also include those items (discussed above) as to which the parties are not in disagreement.

Issued July 7, 1997



Fact-finder

Certificate of Service

I certify that the above Report and Recommendations was served upon both of the above-named parties, and upon the State Employment Relations Board, in accord with SERB rules, on July 7, 1997.

Matthew H. Franklin