STATE EMPLOYMENT RELATIONS BOARD
FACT-FINDING REPORT

CITY OF BEAVERCREEK, OHIO

and

COMMUNICATIONS WORKERS OF AMERICA, LOCAL 4322

SERB CASE NO: 99-MED-11-1098

Fact-Finding Hearing: April 25, 2000
Fact-Finding Report: May 18, 2000

Employer Representative: Timothy Werdmann - Clemans, Nelson & Associates, Inc.
8520 Kemper Road, Suite 4, Cincinnati, Ohio

Union Representative: Paul Steward - Communications Workers of America,
5030 Linden Avenue, Dayton, Ohio

Fact-Finder: Ann C. Wendt, Ph.D., SPHR

STIPULATION 1

The parties stipulated that the instant dispute is properly before the Fact-Finder.

STIPULATION 2

The parties stipulated that all tentative agreements concluded during their negotiations and/or through mediation shall continue if either party rejects the Fact-Finder's Report. The following five (5) issues were presented by the parties:

- Wages
- Medical and Dental Insurance
- Life Insurance
- Longevity
- Duration

STIPULATION 3

The parties stipulated that all SERB reporting requirements have been fulfilled.

CRITERIA

Pursuant to 4117-9-05(J) State Employment Relations Board, the Findings of Fact and Recommendations presented in this Fact-Finding Report are based on reliable information relevant to the issues before the Fact-Finder.

BACKGROUND

The City of Beavercreek is located in Greene County, Southwestern Ohio. It is a suburban community and part of the Dayton Metropolitan area. Being adjacent to Wright-Patterson Air Force Base, its commercial base includes federal contractors and subcontractors and related industries. It also has a broad spectrum of large retail businesses.

The City has approximately 120 employees. It has collective bargaining agreements with the Fraternal Order of Police for its police, a separate contract with the Communications Workers of America for maintenance employees, and the contract involved in the instant dispute for professional employees. This bargaining unit was certified on July 15, 1999 and the instant dispute involves the first collective bargaining contract.

At the request of the parties, the Fact-Finder attempted to mediate the unresolved items. None of the issues previously identified were resolved through this mediation.

ISSUE: WAGES

Positions

City:

1. A 3.5 percent increase retroactive to January 1, 2000; a 3.5 percent increase effective January 1, 2001; and a 3 percent increase effective January 1, 2002.
2. Change the existing step system wage scale to a minimum, mid-point and maximum system. Exhibit A (Tab 5A) contains the salary unit grades and bargaining unit positions and Exhibit B (Tab 5A) contains the salary schedule based on the proposed increases.

Union:

1. An increase of 3.5 percent effective January 1, 2000, the Union is not averse to this date provided there is an equity agreement which covers the additional 1.5 percent increase received for all other City employees in mid-1999; an increase of 3.5 percent effective January 1, 2001; and although the Union proposed a two-

year contract, they are not averse to a three-year contract if the wage increase is at the same level, *i.e.*, 3.5 percent, as the other two years.

2. The Union opposes that the decisions on merit pay be entirely at the discretion of City management.
3. Concerning the City's proposal to provide for hiring new employees at a pay rate higher than the minimum for the grade, the Union did not have a proposal. However, the Union indicated a recognition of the need to be competitive in the market and that hiring above the minimum grade pay rate was an appropriate method to accomplish this objective.

Findings of Fact

1. Effective January 1, 1999, all City of Beavercreek employees received an increase of 2.0 percent. Later in 1999, all employees, other than those in the bargaining unit involved in the instant dispute, received an additional 1.5 percent increase, for a total of 3.5 percent for 1999. Through retroactivity to January 1, 1999, or another earlier date, the Union is seeking an equity adjustment with other City of Beavercreek employees.

2. Bureau of Labor Statistics CPI data shows that the average CPIs for both U.S. cities and the Midwest Urban have increased 2.7 percent in the past year, January 1999 to January 2000 (Tab 6A).

3. SERB's data concerning Wage Settlements, 1991-99, shows the state-wide average for collective bargaining agreements in 1999 as 3.66 percent; the average increase in the Dayton Region was 3.58 percent; the average increase for cities was 3.63 percent; and Public Safety Unit increases averaged 3.90 compared to an average increase of 3.31 percent for other units; for contracts negotiated during 1999, the average for the first year of the contract was 4.10 percent, the average second year increase was 3.54 percent and the average third year increase was 3.3 percent (Tab 6B).

4. Under the current step system, employees average a 5.9 percent increase per year as they progress through the various steps.

5. Employer cost data for the step increases, based on 1999 wage rates shows the following total costs, by grade: 203 = $35,942.40; 204 = $29,078.40; 205 = $10,254.40; 207 = $42,681.60; 211 = $14,414.40. This suggests an overall cost of $132,371.20 as the employees in the respective pay grades progress through the steps.

6. Other Beavercreek employees received the following increases for 2000: non-bargaining unit employees = 3.5 percent; Maintenance employees (under a separate CWA contract) = 3.5 percent and the increase for 2001 is 3.5 percent; and Police = 3.5 percent and for 2001 the wage increase is 3.5 percent (Tab E). No other pay increases for employees have been determined for 2002, the third year of the proposed contract.

7. Comparative percentage wage increase data for Administrative staff in other Miami Valley cities, which the City considers its market area, reveal that the average increase was 3.33 percent (Tab 6F).

Analysis and Recommendations

Retroactivity to January 1, 1999, or another agreed upon date, is clearly an equity issue from the perspective of the Union. The root issue is that other City of Beavercreek employees received a pay increase of 1.5 percent more than the bargaining unit employees in the unit involved in the instant dispute. As a counter-proposal, the City proposes a one-time lump sum payment in the amount of 1.5 percent retroactive to employees in this bargaining unit, but not adding that 1.5 percent to these employees' base pay. While the offer of an increase of 1.5 percent retroactive to January 1, 1999, provides equity for 1999, not adding it to the base pay rate of these bargaining unit employees only corrects the inequity for 1999, and continues the inequity for 2000 and beyond.

Recommendation: The collective bargaining contract shall be effective January 1, 2000. A one-time lump-sum payment equal to 1.5 percent of employees' pay rates from January 1, 1999 through December 31, 1999 shall be paid to each employee. The pay increase of 1.5 percent shall be added to the individual employee's base rate of pay.

There is no dispute between the City and the Union concerning the proposed 3.5 percent increase in wages effective January 1, 2000 and January 1, 2001. Data submitted by the City support a conclusion that these offers are fair and equitable (Tabs 6A - 6F). However, the unknown from the perspective of both parties is 2002. Since the Maintenance Workers and the Police contracts expire in 2001, the negotiated increase for these contract is unknown. Further, the increase that will be granted to non-bargaining unit employees in 2002 is unknown. Hence, the Union's concern for pay equity, in light of their 1999 experiences, is understandable. Yet, the uncertainty that the City currently faces in firmly setting wage increases for 2002 is understandable. The Record clearly supports a conclusion that the Union is interested in achieving equity with other City employees, not achieving a higher pay rate than other City of Beavercreek employees.

Recommendation: Pay increases for the term of the contract shall be: 3.5 percent effective January 1, 2000; 3.5 percent effective January 1, 2001; and 3.00 percent effective January 1, 2002, unless other bargaining unit employees or non-bargaining unit employees receive a percentage higher than 3.0 percent, in which case the members of this bargaining unit will be granted a one-time lump sum payment equal to the highest increase granted other employees and that percentage will be added to the base pay rate of these bargaining unit employees.

While the City's proposal to link a portion of annual pay increases to performance is admirable, the problem with this proposal is that historically performance appraisal systems have not been designed to link their results to fair pay decisions. The City averred that this system is operational for non-bargaining unit personnel, yet the City provided no statistical data to support its position that the merit system provides a fair and equitable pay system for employees. The Union avers that this system has been used to deny pay increases to employees who are effectively performing their jobs.

The cost of step increases illustrated in Tab 6D is evident, yet to ask the Union to buy into a system that puts the discretionary portion of the step increase solely in the hands of management is a tremendous leap of faith. While this is a worthy objective over the long-term for all employees, to impose this on the bargaining unit in the instant dispute is unreasonable. To accomplish this objective in the future, the City must provide objective research data that supports a conclusion that its performance appraisal system accurately identifies differences in employee performance to support differences in merit pay increases.

Recommendation: The contract shall provide for the existing step wage progression scale through the respective grades.

The Union indicated that prior to the Fact-Finding Hearing, they had not discussed the issue of hiring new employees at a rate higher than the minimum rate for that grade. The Union indicated that it had no objections to the City hiring employees at a rate higher than the minimum salary rate for the grade to be competitive in the market. They recognize that being competitive in the market is advantageous to them as well as the City, and they strongly support that approach to attract employees.

Recommendation: The Employer shall have the option of hiring new employees above the minimum pay grade rate to compensate for additional knowledge, skills and abilities as defined in the job description.

ISSUES: MEDICAL AND DENTAL INSURANCE

Positions

City:

1. The City proposed to provide 100 percent paid medical and dental coverage for 2000 and 2001, beginning in 2002, the City will pay 3 percent of any increase in the cost of medical and dental insurance and any increase above the 3 percent percent would be shared equally by the parties.
2. The City also proposes that a medical and dental insurance provider not be named in the collective bargaining contract. The City seeks the flexibility of shopping in various networks to reduce the cost of premiums while maintaining comparable coverage.

Union: 1. The Union's initial proposal was that the City continue paying 100 percent of the medical and dental insurance premiums. Their counter proposal is that if premium sharing is necessary, then all employees should simultaneously share in the premium costs. To that end, the Union proposed a contract reopener in 2002 for this issue, since both the Police and Maintenance workers contracts will then be in negotiations.

2. The Union recognizes that the City's ability to shop various networks for comparable coverage is beneficial to the employees. Comparable coverage, not the provider, is the critical issue for the Union.

Findings of Fact

1. The 1999 SERB *Report on the Cost of Health Insurance in Ohio's Public Sector* (Tab 6G) shows that 65 percent of the responding employers within the state require the employees to pay a portion of the cost of a family medical plan and 52 percent of the employers require employees to pay a portion of the premium for single coverage (p. 2). Statewide, seven out of ten employees contribute a portion of their health insurance premiums. Monthly employee contributions average $22.17 for single coverage and $63.33 for family coverage (p.2). These contributions represent 11.3 percent of the cost for a single plan and 12.6 percent of the monthly premium for a family plan. Statewide, the average employee contribution for a single plan is $11.64 and the average contribution for a family plan is $40.76 (p. 6). In cities, the average contribution for a single plan is $8.80 and the average contribution for a family plan is $24.85 (p. 6). In the Dayton Region, the average contribution for a single plan is $17.21 and the average contribution for a family plan is $58.22 (p. 6). Within the cities, or 40 percent require premium sharing for a single plan and 49 percent require payment for a family plan (p. 10). The average contribution in cities for a single plan is $21.09 for a single plan and $49.69 for a family plan, or 10.9 percent and 10 percent, respectively, for those plans (p. 10). Within the Dayton Region, 65 percent of employers require payment for a single plan and 81 percent of employers require payment for a family plan (p. 10). In the Dayton region, the average contribution is $26.72 for a single plan and $73.09 for a family plan, or 13.8 percent and 14.9 percent, respectively (p. 10).

2. During the period of 1996 to the present, the City's average increase in health insurance premiums has ranged from a high of 11.9 percent to 0 percent for an average of 5.9 percent (Tab 6H). The City currently pays $182.99 per month, per employee, for a single plan and $554.52 per month, per employee, for a family plan .

3. Assuming a 6 percent increase in health insurance premiums for the next two years, by 2002, the monthly premium for a single plan would be $205.61 and $623.06 per month for a family plan. During the same period, dental insurance would increase to $17.96 per month for single coverage and $55.85 per month for a family plan (Tab 6J). Using

these estimates and applying the City's proposal, in 2002, an employee's share of the premium for a single plan would be $2.91 per month and the City's share would be $202.70 per month. For a family plan, the employee's share of the premium would be $8.82 per month and the City's share would be $614.24 per month for health insurance. For dental insurance, the employee's share of the premium would be $0.26 per month for a single plan and the City's share would be $17.70 per month for a single plan; and the employee's premium share of a family plan would be $0.79 per month whereas the City's share would be $55.06 per month for a family plan. Thus, in 2002 an employees would pay $3.17 per month for a single health and dental plan and $9.61 for a family plan, this is an annual contribution of $38.04 per year for a single plan and $115.32 per year for a family plan. The City, in 2002, would be paying 220.40 per month for a single health and dental plan per month and $669.30 per month for a family plan which represents an annual cost of $2,644.80 for a single plan and $8,031.60 for a family plan.

4. A survey of 13 area cities (Bellbrook, Centerville, Englewood, Fairborn, Huber Heights, Kettering, Miamisburg, Middletown, Moraine, Oakwood, Trotwood, Vandalia, Xenia) reveals that seven require employee contributions toward health insurance premiums. These contributions range from 5 percent to 15 percent of the monthly premium (Tab 6K).

Analysis and Recommendations

The SERB statewide and Dayton region data concerning employees sharing the premium costs for health insurance support a conclusion that the trend is for public employees to share the cost of these premiums. While the Union's concern that other bargaining unit employees are not currently sharing premium costs for health insurance is recognized, the City's proposal is to implement this provision in 2002 for non-bargaining unit employees and this unit. The police and maintenance workers contracts expire in 2002 when the premium cost sharing will be proposed to them. As proposed, the employees would only share in additional premium costs that exceed 3 percent. Hence, if the City has the flexibility to shop for comparable coverage, premiums may not increase to the level where cost sharing is implemented. The City's proposed premium sharing is substantially less than the lowest premium sharing among the 13 Dayton area cities surveyed (Tab 6K). Clearly, health and dental insurance premium cost sharing is the trend in both the public and private sectors.

Recommendations:

1. Effective 2002, employees in this bargaining unit along with non-bargaining unit employees shall equally share increased premium costs that exceed 3 percent per year.
2. The contract shall not specify a specific health insurance provider, but shall specify that the market shopping shall be for comparable coverage.

ISSUE: LIFE INSURANCE

Positions

City: The City proposes to increase the life insurance coverage to $30,000 per employee.

Union: Life insurance is not a big issue for the Union. If the issue of life insurance is that big a burden to the City, they would accept leaving it at $25,000 per employee.

Findings of Fact

1. The SERB Report on Life Insurance shows that the average statewide benefit if $27,536 (Tab 6G, p.1) is slightly higher than the $25,000 benefit currently provided to City employees. For cities the average amount of life insurance is $23,144 (p. 12).

Analysis and Recommendation

While the current $25,000 life insurance benefit is slightly higher than the average benefit for City employees, it is slightly lower than the average statewide life insurance benefit. Considering the level of employees' wages, the $25,000 benefit appears minimal.

Recommendation: Increase the life insurance benefit to $30,000 per employee.

ISSUE: LONGEVITY

Positions

City: Section .4. Seniority Bonus. A seniority bonus in the following specified amounts shall be paid once a year on the anniversary of a given full-time employee's date of hire to each full-time employee who has the following continuous years of seniority:

eight (8) through ten (10) years of service	$200
eleven (11) through fifteen (15) years of service	$300
sixteen (16) through twenty (20) years of service	$400
twenty-one (21) years of service and above	$500

Union: The Union is willing to accept the City's proposal for Longevity with a change in the first increment from eight (8) years to seven (7) years which is consistent with the existing method.

Findings of Fact

1. The proposed schedule mirrors the longevity schedule in the Collective Bargaining Agreement between the Fraternal Order of Police and the City. It does not increase the level of benefits, but it allows employees to achieve a higher level of benefits in a shorter period of time.

2. The existing language in the CWA and FOP contracts is slightly different, but the application of both contracts produces the same outcome, *i.e.*, longevity bonuses begin in the eighth year of employment. One contract says longevity bonuses begin at the completion of seven years and the other says longevity payments begin with the eighth year.

Analysis and Recommendation

The parties are essentially in agreement on this issue, that longevity benefits begin in the employees' eighth year of employment.

Recommendation: Adopt the City's proposal as follows: Section .4. Seniority Bonus. A seniority bonus in the following specified amounts shall be paid once a year on the anniversary of a given full-time employee's date of hire to each full-time employee who has the following continuous years of seniority:

eight (8) through ten (10) years of service	$200
eleven (11) through fifteen (15) years of service	$300
sixteen (16) through twenty (20) years of service	$400
twenty-one (21) years of service and above	$500

ISSUE: DURATION

Positions

City: The City proposes a contract effective upon execution with wages being retroactive to January 1, 2000 which will be in force through December 31, 2002.

Union: The Union proposes a two-year contract January 1, 2000 through December 31, 2001 with wages being retroactive to January 1, 2000.

Findings of Fact

1. The City has traditionally had three-year contracts with its other two bargaining units. They are averse to having three contracts in negotiation at the same time.

2. The Union averred that the two-year contract would put everyone at the table at the same time to deal with the health care premium cost sharing and pay for performance issues.

Analysis and Recommendation

If a two-year contract is implemented, nearly one-fourth of the contract term will have elapsed before it is implemented. Contract negotiations create uncertainties for employers and employees. Nationally, the trend for contract duration is longer duration.

Recommendation: The contract shall be in effect from January 1, 2000 through December 31, 2002. Wages shall be retroactive from January 4, 2000.

Ann C. Wendt, Ph.D., SPHR
Fact-Finder

Date