City of Independence / Teamsters #238 (Public Works)

2003-2004
CEO 860
SECTOR 2

In the Matter of Interest Arbitration	
Between	Iowa PERB Case No.:
IBT Local 238	CEO 860, Sector 2
and	Before: Harry Graham
The City of Independence, IA	

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PUBLIC EMPLOYMENT RELATIONS BOARD

APPEARANCES: For IBT Local 238:

Jill M. Hartley
Previant, Goldberg, Uelmen et al
1555 North RiverCenter Dr., Suite 202
Milwaukee, WI 53212

For the City of Independence, IA.:

Alan Johnson
City Manager
City of Independence
331 First Ave. East
Independence, IA 50644

INTRODUCTION: Pursuant to the procedures of the Iowa Public Employment Relations Board a hearing was held in this matter before Harry Graham. At that hearing the parties were provided complete opportunity to present their positions. Copious data was received from the Union and the Employer. The record in this matter was closed at the conclusion of oral argument in Independence, IA. on May 25, 2004.

BACKGROUND: The parties went to Factfinding before Factfinder Sterling L. Benz on March 16, 2004. His report was submitted

on March 25, 2004. There were two issues before Factfinder Benz, wages and health insurance for the 2004-2005 contract year. The Factfinder recommended a $.50 per hour wage increase for each job classification in the bargaining unit. He also recommended that the City continue to maintain benefits under its current health insurance plan. He continued to recommend that employees covered by family health insurance pay $20.00 per month towards its cost. That payment would commence on July 1, 2004. The City would pay the remainder of the premium.

The report of the Factfinder was rejected. Subsequently the parties agreed to accept his recommendation on wages. Thus, there is one issue, health insurance, before the Arbitrator.

POSITION OF THE UNION: The Union stands on the recommendation of the Factfinder. It is willing to have its members pay $20.00 per month towards the cost of family health insurance. This represents a substantial change in the way of doing business in Independence. Currently employees do not pay anything towards the cost of family health insurance. The City pays 100% of the premium. Further, police officers in Independence are represented by Teamsters Local 238. Their Agreement is not open. They will continue to pay nothing (0) towards family health insurance at least until the next round

of negotiations. Thus, the internal comparison favors the Union on this issue when set against the City proposal for employee payments exceeding $20.00 per month.

The Union proposes a group of communities in eastern Iowa as properly comparable to Independence. These are, Hiawatha, Mt. Vernon, Oelwein, Waukon and Postville. The payments by employees for family health insurance are as follows:

City	Employee Payment
Hiawatha	10% of any premium increase over the amount paid by the Employer as of 6/30/04
Mt. Vernon	Nothing (0)
Oelwein	$20.00 per month
Waukon	Employer payment capped at $95.00 per pay. Employees pay the remainder
Postville	Nothing (0)

The details of coverages vary. For instance, the deductible in Independence is $100.00. In Postville it is $540.00.

The Union is concerned about aspects of the last offer made by the Employer in arbitration. Most particularly, the City proposes that it have the authority to select "the policy and coverage levels." (City offer, May 21, 2004). Thus, the City will have authority to determine the benefits available to employees under its proposal. That should not be

the case in the Union's view. It has negotiated over health insurance for many years and unilateral selection of the plan and its benefits levels is unacceptable to it.

As might be expected, the Union is also opposed to the cost-sharing proposal of the Employer. It calls for employees to pay 12.5% of the difference between the single and family health insurance premium per month. Whatever that amount turns out to be, it will exceed the $20.00 recommended by the Factfinder. It will also obviously represent a substantial change over the entire premium payment currently being made by the Employer. Thus, the Union urges an award on its behalf.

POSITION OF THE EMPLOYER: As noted above, the City proposes that employees pay premiums towards family health insurance at the rate of 12.5% of the difference between the single and family health insurance premium per month. Under its proposal the City would retain the right to select the health insurance policy and coverage levels.

The health insurance provided City employees in Independence is not a straightforward insurance policy, provided by a carrier. There is an additional element found in the Agreement which commits the City to maintaining the health insurance benefits provided in the 1980's. No such plan is available from the carrier, Wellmark Blue Cross and

Blue Shield. Consequently the City is reimbursing employees the difference between the benefits under the current health insurance policy and the benefits provided by a roughly twenty year old plan. Thus, in addition to the premiums paid to the insurer, payments are made by the City to employees to make them whole for the difference between what was once available from the insurer and what is available today. This burden is unsustainable according to the City. The payment made by the City for family plan health insurance has increased from $257.04 in 1986-87 to $854.90 today. (City Ex. L). This sort of increase cannot continue to be borne by the City it contends.

The City urges a different comparison group upon the Arbitrator. Its preferred communities are:

City	Employee Payment
Anamosa	10% per month ($66.24)
Decorah	10% per month (43.59)
Vinton	25% of the difference between single and family per month
Maquoketa	$172.20 per month
Charles City	14% per month
Oelwein	$20.00 per month

These figures show that employee payments towards family health insurance are common in the region. With the exception of Olewein, employees of all other area cities pay more than

what the Factfinder recommended and what the Union accepts towards family health insurance. Under its proposal as elucidated at the hearing, employees in Independence would pay $51.88 per month towards family health insurance. That is not unusual in the region. The history of City-absorbed payments towards health insurance plus the practice in the area should prompt an award of its position on this issue the City contends.

DISCUSSION: Only a person with their head in the sand could be oblivious to the very difficult situation caused by the substantial increase in health insurance premiums. The problem being confronted by employers and employees, public and private sector alike, has proved intractable and not susceptible of resolution. The data presented by the City demonstrate beyond doubt that it has made a sustained and significant effort to avoid seeking premium payments towards health insurance from employees. Now, Independence is out of the mainstream with regard to this issue. Using either the comparison group advanced by the Union or that urged upon the Arbitrator by the City, no employee payment toward health insurance premiums is unusual.

In interest arbitration proceedings that have been preceded by Factfinding reports there is a bias, a disposition, to give great weight to the report of the

Factfinder. This is especially the case when one of the parties has accepted it. That is the situation in this instance as the Union has embraced the report of the Factfinder. In such cases, unless it can be determined that the Factfinder has erred the party seeking to deviate from the recommendation of the Factfinder bears a heavy burden indeed. In this case the City cannot meet that burden.

Certainly it is not the case that Factfinder Benz erred. He carefully analyzed the comparison communities urged upon him and concluded it "is reasonable for employees in the bargaining unit to contribute to the cost of dependent health care insurance." (Factfinder's report, p. 8). The question is how much? The Factfinder settled on $20.00 per month. He gave great weight to the situation in Olewein, where employees pay $20.00 towards family health insurance. (Un. Ex. 2.5, p. 10). Olewein is close to Independence. As indicated by the Factfinder, wages paid public works bargaining unit employees are comparable. (If anything, wages paid in Independence are lower than those paid in Olewein, Er. Ex. A). The Factfinder also determined that the cost of family health insurance in Olewein is greater than that currently being experienced in Independence. (This may have changed as the Union pointed out. The figures provided the Factfinder and those provided the Arbitrator for Independence are different. The figure

provided for this proceeding, $853.90 per month [Er. Ex. L] is higher than the figure provided the Factfinder according to the Union). The situation in Independence is certainly not a happy one with respect to family health insurance premiums. The Factfinder found it superior to that of Olewein. With that in mind, he recommended the $20.00 payment which the Union accepted for purposes of this proceeding. Sufficient reason was not advanced by the Employer to depart from the holding of the Factfinder under these circumstances.

There is another reason why the proposal of the Employer must be rejected. The City has proposed that it have the authority to select "the policy and coverage levels." (Er. Ex. O). That proposal in indefensible in collective bargaining. Certainly bargaining over health insurance is an integral part of the Agreement. It is a mandatory topic of bargaining. The City cannot prevail on its proposal even were the economics compelling. The notion that the City would reserve to itself the sole discretion to select the health insurance available to employees is so foreign to the concept of collective bargaining as to require rejection of the proposal of the City.

AWARD: The position of the Union is awarded. Employees are to pay $20.00 per month toward family health insurance effective July 1, 2004.

Signed and dated this 3rd day of June, 2004 at Solon, OH.

Harry Graham

Harry Graham
Arbitrator

Certificate of Service

I certify that on the 3rd day of June, 2004, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Jill M. Hartley
Previant, Goldberg, Uelman et al
1555 North RiverCenter Drive, Suite 202
Milwaukee, WI 53212

Alan Johnson
City Manager
City of Independence
331 First Ave. East
Independence, IA 50644

I further certify that on the 3rd day of June, 2004 I will submit this Award for filing by mailing to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Harry Graham

HARRY GRAHAM
Harry Graham, Arbitrator

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