

agreement under which they have agreed to waive a March 15 deadline for the completion of impasse procedures.

The undersigned Arbitrator was selected by the parties from a list of arbitrators supplied by the Iowa Public Employment Relations Board (hereafter Board). An arbitration hearing was held on April 28, 2015 at the Courthouse in Mount Ayr, Iowa. After a preliminary discussion of hearing procedures, the hearing started at 10:30 A.M.

At the outset of the hearing the parties agreed to the following stipulations: (1) That all prior steps required by impasse procedures had been completed or waived and the matter was properly before the Arbitrator. (2) That the parties agreed to hold the arbitration hearing on April 28, 2015, waived any March 15 deadline to complete the impasse process and will not contest the arbitration award based upon the timeliness of the arbitration hearing. (3) That there was a timely exchange of final impasse offers between the parties. (4) That the Arbitrator has jurisdiction and authority to issue a final and binding award subject to the provisions of Section 20.22 of the Act. (5) That the deadline for the issuance of this award was extended by mutual agreement to May 16, 2015.

At the start of the hearing the parties advised the Arbitrator that they had resolved all other pending impasse issues and they were in agreement that the sole impasse item presented to the Arbitrator for determination was insurance.

During the course of the hearing the parties were provided a full and equal opportunity to present evidence and arguments in support of their respective positions. Both parties were afforded the opportunity to question opposing witnesses, if desired. All exhibits presented by both sides were received by the Arbitrator and made a part of the record in this arbitration. Those are the current collective bargaining agreement, Union Exhibits 1 through 16 and County Exhibits 1 through 23 .

The hearing was electronically recorded by the Arbitrator in accordance with the rules and regulations of the Board. Both parties were represented by skilled advocates. The professional and courteous manner in which the case was presented was appreciated by the Arbitrator.

At the conclusion of the presentation of all evidence and argument offered in support of or opposition to each party's impasse position, the record was closed and the

case deemed submitted for final determination by the Arbitrator. Based upon a thorough review of all evidence presented, including all exhibits of both parties, and consideration of the arguments presented, this arbitration award is issued consistent with the statutory criteria set out in Section 20.22 (7) of the Act. Further, this award is issued within the time limits stipulated and mutually agreed to by the parties.

BACKGROUND

Ringgold County, Iowa is located in the Southeast quadrant of the State in the Southern most tier of counties which border on the State of Missouri and has a population of approximately 5107 persons according to the 2012 census. (Union Exhibit 2 and County Exhibit 2)

The County has one Bargaining Unit which is the secondary road department consisting of 12 positions. There are currently 11 employees in the unit. One position is vacant, but the County Auditor testified the County has started the process to fill that position. The unit is represented by PPME, Local 2003, IUPAT, AFL-CIO. The Union and the County have had a collective bargaining relationship for many years dating back to 1977. The parties are currently operating under a collective bargaining agreement which expires by its terms on July 1, 2015.

The County and Union have resolved all outstanding issues for a 2015-16 collective bargaining agreement with the exception of group insurance. (Union Exhibit 4) The failure to resolve the that impasse item generated the present arbitration. The group insurance impasse centers on the co-payment of premiums for dependent health coverage, and to a minor extent on co-payment for dependent dental and vision coverage. Under the current agreement and several prior agreements the County has paid two-thirds of the dependent premium and employees have paid one-third of the premium cost. Six unit employees currently opt for dependent coverage.

FINAL IMPASSE OFFERS

1. County Final Offer: The County proposed an increase in the employees' contribution for dependent coverage from 33.7% to 40%. (County Exhibits 1, 1A)

2. Union Final Offer: The Union proposed current contract language be continued as follows: “The Employer will pay 66.33% of the premium payment for dependent coverage and the employee will pay 33.67%. (Dependent = Family minus Single Rate)” (Union Exhibit 2)

ARBITRATION CRITERIA

Section 20.22(7) of the Act sets forth the criteria by which an arbitrator is to select, under subsection 9, “the most reasonable offer” on each impasse item submitted by the parties. Section 20.22(7) specifically provides as follows:

The arbitrator or panel shall consider, in addition to other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties, including the bargaining that lead up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Section 20.17(6) of the Act further provides:

No collective bargaining agreement or arbitrator’s decision shall be valid or enforceable if its implementation would be inconsistent with any statutory limitation on the public employer’s funds, spending or budget, or would substantially impair or limit the performance of any statutory duty by the public employer.

Further, PERB Rule 621-7.5(6) states: “The arbitration hearing shall be limited to those factors listed in Iowa Code Section 20.22 (7) and such other relevant factors as may enable the arbitrator to select the most reasonable offer, in the arbitrator’s judgment of the final offers submitted by the parties on each impasse item.”

The authority of the Arbitrator is also subject to the standard set forth years ago in Maquoketa Valley Community School District v. Maquoketa Valley Education Association, 279 N.W.2d 510,513 (Iowa 1979) which requires an arbitrator to select the final offer on each impasse item “in toto” (with the terms “impasse item” being defined as a Section 20.9 subject of bargaining).

It is the obligation of the present Arbitrator to make a decision based upon the specific factors listed in Section 20.22(7) of the Act and such other relevant factors as may enable the Arbitrator to select the final offer of one party or the other. The statutory duty of the Arbitrator is to select the most reasonable offer on an impasse item. Section 20.22 (9) of the Act states “The arbitrator shall select within fifteen days after the hearing, the most reasonable offer, in the arbitrator’s judgment, of the final offers on each impasse item submitted by the parties.” (Emphasis added)

DISCUSSION AND ANALYSIS

Both sides offered different comparability groups for the purpose of comparing the unit with other similarly situated employees. The County objected to the group offered by the Union. However, in the present case the Arbitrator is not required to fashion a comparability group for the parties. Neither proposed group is adopted as the sole basis for comparison of group insurance for the involved employees with those of other public employees doing comparable work. The issue to be resolved is too limited in scope to require a determination based primarily on such comparison. The insurance data for the different counties is too dissimilar. There are too many variables in coverage, deductibles, co-payments, premium costs etc., to resolve this impasse simply by creation of a new comparability group and a rate comparison of insurance in the counties included in that group. Nor did the evidence presented by the parties provide sufficient information to make that kind of a comparison. For example, County Exhibit 16 shows percentages for employer paid coverage from all over the state (counties under 10,000) but there is no indication as to the kind of coverage; health, dental, vision etc. and the percentages range from 0 to 100%. County Exhibits 18, 18A and 19 show dependent premium amounts and dollar amounts paid by various counties, but do not show variables in coverage, deductibles and co-payments as indicated above. Similarly,

Union Exhibit 7 provides some comparisons to other counties, but not enough to give validity to a new group created by the undersigned Arbitrator. The Union proposed a comparability group which it described as “bottom tier and surrounding tier counties” consisting of Adair, Adams, Cass, Clarke, Decatur, Madison, Montgomery, Page, Taylor, Union, Wayne and Ringgold Counties. It’s selection was based on thirteen counties presented at an impasse arbitration held April 2, 2002 and an award issued April 10, 2002 in which the Arbitrator approved the Union group. (See Union Exhibit 14) However, it now excludes Warren County as too large and therefore dissimilar, and Lucas County which has no organized bargaining.

The County proposed comparability group is described by it as “Southern Tier Comparison Group Population” and consists of the following counties all under 10,000 in population: Adams, Clarke, Davis, Decatur, Monroe, Adair, Van Buren, Fremont, Wayne, Taylor and Ringgold. (See County Exhibit 3)

The obvious difference between the Union and County comparison is the inclusion of Davis, Fremont, Monroe and Van Buren, and exclusion of Adair, Cass, Madison, Montgomery and Union in the County group. Again it should be noted that the Union voluntarily excluded Warren and Lucas Counties from its group.

The County objects to the Union’s group, arguing that Madison and Page counties are three times the size of Ringgold and Madison is too connected to Dallas and Polk Counties. The County further objects that the Union group is derived from a 2002 impasse arbitration and is thirteen years out of date with limited probative value. At the same time the County somewhat confuses it’s argument by offering for comparison a group of Southern tier Counties above 10,000 in population (County Exhibit 3A) and a statewide group of 20 Counties under 10,000 in population. (County Exhibit 4) It contends these two latter groups are not its proposed comparability group, but were offered merely to give a “snapshot” of Ringgold’s position in comparison to other counties. The present Arbitrator has considered all data for all counties presented by each side in a comparison of the unit with other public employees doing similar work. In other words the Arbitrator has reviewed all counties referenced by both parties in their respective exhibits. Further, it should be noted that an appropriate comparability group is but one of the factors required to be considered in formulating an impasse arbitration

decision. The Arbitrator has given a great deal of consideration to all of the criteria set out in Section 20.22 (7) of the Act.

In the present impasse the Union wants to preserve the current collective bargaining agreement by continuing the current language which provides that the County will pay 66.33% of dependent health care premium cost, including vision and dental. Bargaining unit employees would continue to pay 33.67%. The County wants to reduce its cost share and proposes a contract change to lower its percentage share to 60%. Obviously this increases the employee share to 40%.

The Union claims the cost difference between the two positions is approximately \$8625.00. However, the Union admits that this amount does not include dental and vision dependent premiums which it claims are minimal. County Exhibit 15 indicates that the dependent dental premiums for 2015-16 will be \$39.36 per month and vision will be \$11.82 per month. The evidence is undisputed that there are six unit employees who have this coverage. The total of the two amounts multiplied by 12 months equals \$614.16 per year. The cost for 6 employees is \$3684.96. A County 66.33% share is \$2444.23 and a 60% share is \$2210.98. This results in a cost difference between the two proposals of \$233.25. The Arbitrator concurs with the Union that this is a *de minimus* amount. Thus, the total difference in dispute between the parties is \$8858.28.

Nonetheless, the County asserts that it has suffered a 120% increase in group insurance costs over the past 6 years. It argues that a total cost for insurance for all County employees in excess of \$675,000 per year is a huge financial burden. The bargaining unit receives dependent health coverage benefits not afforded other County employees who do not bargain collectively. The County further argues that Ringgold County is a poor county which can not easily afford the escalating cost of insurance. As shown in the comparability groups, it is next to last place in population, and next to last in revenue. It can not continue to suffer insurance cost increases like those which have occurred over the past six years.

The Union response to the County points out that the insurance cost increases about which the County complains were proportionately shared by its members. Also there was an increase in deductibles from \$500/1000 to \$750/1500 from 2012 to 2015 which increased employee costs for health care. The Union did not propose any

insurance change in its initial bargaining proposals. The County changed insurance plans in 2006 and created some of the problems about which it now complains.

The Union further contends that the size of the unit is decreasing. In 2002 there were 24 employees in the Road Department, 18 in 2011 and now there are 11 persons. (It should be noted, however, that the County has initiated procedures to fill a vacant position which will likely increase the number in the unit to 12.) Nonetheless the Union asserts the unit is smaller with less people doing the same work. The unit has been shrinking so the cost impact of its insurance has lessened.

The County argues that it voluntarily agreed to 52¢ per hour wage increase for the 2015-16 contract year and its Road Department has one of the highest hourly rates in the Southern tier of counties. It is the highest in the group listed in County Exhibit 3. This high wage rate justifies some financial relief with respect to insurance costs. The Union argues that it agreed to a reduced wage rate for new hires and regarded that agreement as a concession to the Employer to ease costs of operation. The County response was that it did not perceive the Union's agreement to a new hire rate as a major economic concession, nor was it presented in that manner.

As has been previously indicated, the comparability groups offered by the parties have only a modest effect on this Award. It is not necessary for the Arbitrator to formulate a new fixed group in response to objections concerning the make up of one group or another. The undersigned Arbitrator has considered all comparability information presented by both sides. That information is minimal and consists primarily of a comparison of percentage cost shares and dollar amounts spent for insurance coverage (premiums).

Union Exhibit 7 shows that in 5 of 11 counties employees are paying a greater percentage for a dependent coverage than the percentage paid by the Ringgold bargaining unit. County Exhibit 16 indicates that 12 of 20 counties pay less than the percentage amount now paid by Ringgold County. These conflicting comparisons result in part from the fact that the County contends its "offered comparison group" is shown on County Exhibit 3, (a Southern tier of 11 counties all under 10,000 in population). However, other County Exhibits 18, 18A and 19 show 20 counties all over the state, 18 counties around the state and the same counties as listed in its Exhibit 3. The County claims these other

larger groups are presented to provide a “snapshot” and are not its “offered” group. As a result the County appears to have a somewhat “flexible” group, or groups, depending on one’s point of view. .

No evidence was presented which clearly established a dollar cost comparison with other counties which shows Ringgold to be out of a normal range when compared to other counties. The undersigned Arbitrator finds and concludes that the respective cost shares for dependant health coverage (including dental and vision) established between the County and the involved public employees in the bargaining unit under the current labor contract compare favorably with the conditions of employment of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.

Consideration must be given to past collective bargaining agreements between the parties, including the bargaining that led up to such contracts. Union Exhibit 8 discloses that starting with a tentative agreement in 2003 that parties have consistently agreed for 3 year intervals up through the present labor contract that the County would pay 66.33% of the premium for dependent health care coverage and employees opting for that coverage will pay 33.67%. (See Article 21, current 2012-15 Collective Bargaining Agreement) The evidence shows that this contract language has existed for at least 12 years. As has been previously stated, the Union did not present any bargaining proposal to change the insurance benefits in the labor agreement. In what might be described as a reversal of traditional roles in bargaining, the County sought a change in a longstanding contract provision. Concerned with increasing insurance costs, particularly in the last six years, the County Board of Supervisors, as was testified to by the Arbitrator, decided to make insurance a top priority and become proactive with respect to insurance costs. As has been also previously stated, the Union response was to retain longstanding contract language. The Union wishes to maintain the status quo in the absence of evidence showing a compelling need or undue hardship to justify such change.

The County argues that consideration must be given to internal comparability. Only the Road Department employees have a portion of dependent health care premiums paid by the County. No other County employees receive this benefit. The evidence is undisputed that no other county employees have a union and bargain collectively with the

County for wages, hours and other benefits. The Arbitrator concludes there is too great a dissimilarity between employees who bargain collectively under the Public Employment Relations Act and those who meet and confer with the employer. The County's claim for internal comparability must be rejected.

The County does not claim an inability to pay the cost of the Union's arbitration proposal, but does contend that prudent fiscal management requires a reduction in insurance costs.

The Union contends the County can well afford to continue to pay 66.33% of the premium cost for dependent coverage. Additional levies are available to the County if it requires more revenue. (Union Exhibit 9) The County could utilize the general supplemental and rural supplemental levy options if it chooses to do so. (Page 2, Union Exhibit 9) The County has an unspent balance in secondary road funds projected to be \$2,518,044.00 as of July 1, 2015. (Union Exhibit 10) It is estimated that the County will receive a \$532,580.00 increase in road funding due to the gas tax increase. (Union Exhibit 10) During the current contract year the County purchased six new motor graders at a cost in excess of a million dollars. (Union Exhibit 6) The Union costs its proposal at less than eight hundred dollars per unit employee. (Union Exhibit 6)

The County responds that it already has the maximum funding in the secondary road fund. In its Southern tier comparison group the County ranks second from the bottom in revenue. (County Exhibit 6) A comparison of its total fund balances for 2012-13 and 2013-2014 shows a loss of \$428,498.00. (County Exhibit 7) The County disputes the Union's contention it will significantly benefit from new revenue from the gas tax increase; arguing that there are limited criteria as to permitted uses of fuel tax revenue. The County continues to assert the claim that its total cost for 2015-2016 insurance for both Union and non-Union employees will be \$675,179.28. (County Exhibit 22) and insurance cost containment has become a critical financial issue.

Ms. Amanda Waske, Ringgold County Auditor, testified regarding the County budget for the coming fiscal year. She stated the Board is budgeting more expenditures than projected revenues. She testified that 1.4 million dollars is budgeted to reduce the fund balance, purchase equipment and fund other purchases. She further testified that the County's insurance program is partially self-funded. Due to a high claims history,

premiums have increased. Insurance cost containment has become one of the Board of Supervisors' top priorities.

The Arbitrator is obligated to consider the interests and welfare of the public, the ability of the public employee to finance economic adjustments, and the effect of such adjustments on the normal standard of services. (Iowa Code §20.22 (7) (c)) Regardless of the above financial claims of both parties, the present Arbitrator is unable to conclude that if the position of the Union is to be awarded, there will be a negative impact on the interests or welfare of the public. The Arbitrator is unable to conclude that an award of the Union impasse offer will adversely affect the ability of the County to finance economic adjustments. Further the effect of such adjustments will not adversely impact the normal standard of services provided by the County.

A significant factor in this impasse dispute is the fact that the County seeks modification of a contract provision which has been in existence for a considerable period of time. Evidence of a longstanding agreement established by a series of bargaining agreements is strongly persuasive in this case. This may be considered under the criteria of "other relevant factors."

There is an established principle in interest arbitration that in the absence of strong evidence showing a compelling need, or undue hardship, contract language should not be changed. Modification of contract provisions of long duration is better accomplished at the bargaining table.

Neutrals should be reluctant to effectuate changes in contract language which has been voluntarily accepted by both sides in the absence of evidence showing a compelling need or unique circumstances which mandate a change. See Elkouri & Elkouri, How Arbitration Works, Sixth Ed., p. 1419: "Arbitrators are sometimes reluctant to eliminate historical differentials or those that were initially established by collective bargaining. This reflects a hesitancy to disturb a stabilized situation except on compelling grounds."

In the present case, the evidence presented by the County did not establish any hardship or unique problem with dependent insurance co-payment which demonstrated a compelling need for its requested change in the labor agreement.

A lesser consideration is the Union's claim that the County insurance proposal, if implemented, will have a negative impact on an employee's spendable earnings.

Although the parties voluntarily agreed on a 52¢ per hour wage increase, Union Exhibit 12 indicates a .19% decrease in spendable earnings under the County insurance proposal, and a 1.63% increase in spendable earnings under the Union insurance proposal. Thus the Union argues that the County's proposal effectively negates the negotiated wage increase. The County obviously disputes this Union contention. There is no evidence that the wage increase was a trade, "quid pro quo", for a change in insurance.

The Arbitrator is required by Section 20.22(7) (d) of the Act to consider the power of the public employer to levy taxes and appropriate funds for the conduct of its operations. Based on the testimony presented at the hearing and the exhibits offered by the parties, the undersigned Arbitrator finds and concludes that the County has the power and the ability to levy taxes and appropriate funds for its operations, including the ability to pay the cost of the Union's final impasse offer on insurance without any substantial negative effect on its normal standard of services. The County was not able to present proof that the interests and welfare of the public will be jeopardized by a continuance of current contract provisions for insurance co-payment. Adverse impact on the normal standard of services is negligible.

The Arbitrator is required by law to select the most reasonable offer, in the Arbitrator's judgment of the final offers on each impasse item. (Iowa Code §20.22(9)). Based upon all of the evidence presented the Arbitrator finds and concludes that the final offer of the Union is the most reasonable. It is a continuation of current contract provisions which have been in effect for many years. No compelling need has been demonstrated to justify a change.

Based upon a thorough review of all evidence, testimony, written exhibits and arguments presented by the parties and with due regard for all of the statutory criteria set out in Section 20.22(7) of the Act, the Arbitrator issues the following Award.

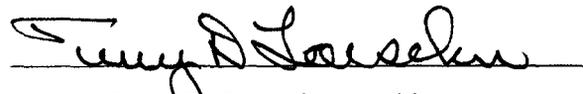
AWARD

I hereby award the final offer of PPME Local 2003, IUPAT, AFL-CIO on Group Insurance which is current contract language as follows:

Group Health Insurance benefits are available to employees upon application. The Employer shall pay all of the individual probationary and permanent employees' premium for the Group Hospital, Medical, and Major Medical Insurance designated by the Employer. The Employer will pay 66.33% of the premium payment for dependent coverage and the employee will pay 33.67% (Dependent = Family minus Single rate.)

The above percentages are also awarded with respect to dependent dental and vision coverage co-payments.

Dated May 11, 2015



Terry D. Loeschen, Arbitrator
960 Orchard Lake Drive
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(540) 992-4446

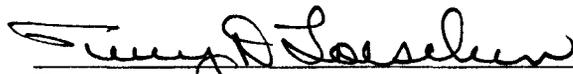
CERTIFICATE OF SERVICE

I certify that on the 11th day of May, 2015, 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:

Mr. Jack Reed
427 Crestview
Ottumwa, IA 52501

Mr. Randy Schultz
P.O. Box 54
Sigourney, IA 52591

I further certify that on the 11th day of May, 2015, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.



Terry D. Loeschen
Arbitrator