

IN THE MATTER OF ARBITRATION)
)
 BETWEEN)
)
 TEAMSTERS LOCAL 524)
)
 v.)
)
 KITTITAS COUNTY)
)
 (INTEREST ARBITRATION))

OPINION AND AWARD
 OF
 GEORGE LEHLEITNER
 NEUTRAL ARBITRATOR

RECEIVED
 OLYMPIA, WA
 SEP - 2 2003
 PUBLIC EMPLOYMENT
 RELATIONS COMMISSION

HEARING: June 5, 2003
 BRIEFS RECEIVED: June 30, 2003
 NEUTRAL ARBITRATOR: George Lehleitner
 4702 S.W. Scholls Ferry Rd., #334
 Portland, Oregon 97225
 PARTISAN ARBITRATORS: Anthony F. Menke for Kittitas County
 Wayne Johnson for Teamsters Local 524
 REPRESENTING THE UNION: Rocky L. Jackson, Attorney at Law
 REPRESENTING THE COUNTY: Michael R. McCarthy, Attorney at Law

I. INTRODUCTION

This case involves an interest arbitration dispute submitted by the parties to a tripartite panel consisting of Neutral Arbitrator George Lehleitner and Partisan Arbitrators Anthony F. Menke for Kittitas County (County) and Wayne Johnson for Teamsters Local 524 (Union).

A hearing was held before the Panel in Ellensburg, Washington on June 5, 2003. The County was represented by Rocky L. Jackson, Attorney at Law, and the Union by Michael R. McCarthy, Attorney at Law. At hearing both sides were afforded an opportunity to present documentary and testimonial evidence and to cross examine witnesses, as necessary.

The parties agreed to submit simultaneous post hearing briefs to the Arbitration Panel. The briefs were received by the Neutral Arbitrator on June 30, 2003.

I conferred by telephone conference call with the Partisan Arbitrators on July 28, 2003. It was agreed at that time with the concurrence of the parties to hold this matter in abeyance for a period of time so that the Partisan Arbitrators could communicate with the parties concerning the possibility of a mutually acceptable resolution. Unfortunately, notwithstanding a good faith effort by both sides, the parties were unable to come to an agreed upon resolution. Consequently, I conferred with the Partisan Arbitrators again on August 22, 2003 and received their input. I wish to thank both of them for their excellent cooperation and input, which I found extremely helpful in arriving at a decision.

II. ISSUES IN DISPUTE

The contractual issues in dispute are Wages and Health Insurance.

III. THE STATUTORY CRITERIA

The undersigned arbitrator was selected in accordance with RCW 41.56, et seq.

The criteria for making a decision is set forth in RCW 41.56.465 as follows:

RCW 41.56.465. Uniformed personnel-Interest arbitration panel-Determinations-Factors to be considered.

(1) In making its determination, the panel shall be mindful of the legislative purpose enumerated in RCW 41.56.430 and, as additional standards or guidelines to aid it in reaching a decision, it shall take into consideration the following factors:

- (a) The constitutional and statutory authority of the employer;
- (b) Stipulations of the parties;
- (c)(1) For employees listed in RCW 41.56.030(7)(a) through (d), comparison of the wages, hours, and conditions of employment of personnel involved in the proceedings with the wages, hours, and conditions of employment of like personnel of like employers of similar size on the west coast of the United States.
- (d) The average consumer prices for goods and services, known as the cost of living.
- (e) Changes in any of the circumstances under (a) through (d) of this subsection during the pendency of the proceedings; and
- (f) Such other factors, not confined to the factors under (a) through (3) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment. For those employees listed in RCW 41.56.030(7)(a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a county

with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.

(2) Subsection (1)(c) of this section may not be construed to authorize the panel to require the employer to pay, directly or indirectly, the increased employee contributions resulting from chapter 502, Laws of 1993 or chapter 517, Laws of 1993 as required under chapter 41.26 RCW. [1995 c 273 § 2; 1993 c 398 § 3.]

IV. BACKGROUND

The Union represents a bargaining unit consisting of Deputies, Captains, and Sergeants employed by the Kittitas County Sheriff's Department.

The County is located on the east side of the Cascade crest in central Washington. It has a population of 34,800 as of 2002.

Issue #1 -- WAGES

The predecessor collective bargaining agreement expired on December 31, 2001. Both sides are proposing a three (3) year agreement with wage adjustments on January 1, 2002, January 1, 2003, and January 1, 2004.

Under the current salary schedule Patrol Officers earn \$3,169.00 per month plus a longevity premium ranging for \$32.50 to \$85.00 per month after eight (8) years of service. Captains and Sergeants earn \$3,394.00 and \$3,689.00 respectively per month plus the applicable longevity premium after one (1) year in grade.

A. The Union

The Union proposes retroactive wage adjustments of 4.3% effective January 1,

2002 and January 1, 2003, and a 4.3% adjustment effective January 1, 2004.

The Union's arguments are summarized as follows:

(1) The County is not claiming an inability to fund the Union's modest wage proposals. Consequently, if the Union's wage proposal is supported by the factor of comparability as well as other applicable criteria, it is incumbent upon the Arbitration Panel to award it.

(2) The Union produced convincing evidence that low wages and benefits paid by the County to bargaining unit employees have created a serious turnover problem in the Sheriff's Department. For instance, the credible testimony of former and current employees of the Sheriff's Department established that they either already left or are contemplating leaving for better paying positions in the local labor market because of substandard wages and benefits. In this regard both the City of Ellensburg Police Department and the Central Washington University (CWU) Security Department provide superior wages and benefits for less demanding work.

(3) The factor of comparability favors the Union's wage proposal. Even if the arbitration panel adopts the County's methodology for doing wage comparisons (i.e., the County's preferred comparator jurisdictions and the factoring in of the

County's proposed wage adjustments), it is apparent that 2002 County wages lag significantly behind the average wage of the comparator jurisdictions. More specifically, using the County's own analyses as described above, wages for top step police officers lag behind the comparator average from 9.3% to 20.8%, depending on years of service. If, on the other hand, the Union's analysis is used, top step officers in Kittitas County are 11.48% below average. Moreover, when one calculates "real hourly wages" (i.e., hourly pay for time worked, including longevity pay), it is apparent that police officers in this County lag significantly behind their peers in the comparator jurisdictions, particularly with respect to younger officers. In sum, it is obvious that a significant amount of "catch up" is required to bring Kittitas County officers up to an acceptable wage level based on the factor of comparability.

(4) Using the County's proposed analysis (i.e., County preferred comparators and factoring in the County's proposed wage adjustments), County wages continue to lag significantly below the average of the comparator jurisdictions in 2003 and 2004. More specifically, even using the County's methodology, which indulges every assumption in its favor, top step deputy wages remain from 5.6% to 7.9% below average in 2003 and from 5.2% to 6.6% below average in 2004.

(5) The Arbitration Panel should summarily reject the County's unseemly argument that since deficits existed between Kittitas County and the comparator

jurisdictions prior to 2001, such deficits should continue in perpetuity. Simply stated, there is no arbitral precedent for such an argument, particularly where, as here, it is apparent that the County has the financial wherewithal to pay a competitive wage. The statutory scheme is designed to provide a competitive (i.e., comparable) wage to all employees as long as the unit of government has the financial ability to pay such a wage.

(6) Under the facts of this case it may not be necessary to decide whether the six (6) agreed upon comparators proposed by the County (Stevens, Whitman, Okanogan, Douglas, Jefferson and Pacific Counties) or the expanded list (adding Franklin and Chelan Counties) are most appropriate. This is so because an analysis of either set of comparators reveals that Kittitas County lags significantly behind in wages and benefits. Stated differently, comparisons of Kittitas County wages and benefits to either set of comparators supports the Union's proposals.

(7) If the Arbitration Panel finds it necessary to conduct a comparability analysis (i.e., decide which of the proposed comparators are most appropriate), the Union's proposed comparators should be selected. This is so because they fall within an appropriate population range (50% to 200% of the target jurisdiction), they are in the same geographic area and there are enough jurisdictions to do a meaningful comparison. Moreover, the additional comparators proposed by the Union (Franklin and Chelan Counties) are demographically similar to Kittitas County

and in the case of Chelan County shares a border. However, should the Arbitration Panel determine that it is not necessary to decide which jurisdictions provide the most appropriate comparators, the Panel should specifically indicate that it has not determined whether Franklin and/or Chelan Counties are appropriate comparators.

(8) If the Arbitration Panel bases its comparisons on the Union's expanded list of comparable jurisdictions, the disparity becomes even greater. More specifically, the Union's wage comparisons, based on "real hourly wages," including longevity pay, reveal that Top Step Deputies in Kittitas County as of January 1, 2002 are 8.52% to 14.35% behind, depending on their years of service. Similarly, Sergeants are 7.67% to 9.8% below the average of the comparator jurisdictions. Even after the wage adjustments proposed by the Union are factored in, the gap with respect to most employees narrows by less than one-third.

(9) Interest Arbitrators routinely consider turnover and competition in the local labor market. As previously discussed, the County is already experiencing significant problems with turnover. The problem will only be exacerbated if something is not done to improve non competitive wages and benefits.

B. The County

The County proposes that effective January 1, 2002 wages for all bargaining unit employees will be increased by 3.5% in 2002, 3.0% in 2003 and 3.0% in 2004.

The County's arguments are summarized as follows:

(1) Prior to analyzing the contract issues in dispute, the Arbitration Panel must decide which comparables are most appropriate. In the County's view, the six (6) comparator jurisdictions agreed upon by both sides (Whitman, Stevens, Douglas, Okanogan, Jefferson and Pacific Counties) are the most appropriate comparators. This is so for the obvious reason that both sides have agreed these jurisdictions are appropriate and because there are enough of them to do a meaningful comparison without adding Franklin and Chelan Counties to the mix. Moreover, all of the six (6) agreed upon comparator jurisdictions fall within the same population range and share similar assessed values. With respect to the Union's attempt to add Chelan County to the mix, this suggestion should be rejected because its population is twice that of Kittitas County and its assessed valuation is more than double.

(2) The Union's attempt to compare Kittitas County wage rates and benefits to those provide by CWU and the City of Ellensburg should be summarily rejected.

Interest Arbitrators routinely reject proposed comparators that are not similar (i.e., Counties to Cities or universities) even if they are in the same labor market.

(3) While it may be true that wage rates in Kittitas County are below the average of the comparator jurisdictions, the fact remains that the County's wage proposal maintains the County's relative ranking from a historical perspective. As of 2001, the deputies were approximately \$198 below the average of the comparator jurisdictions. With the County's proposal of 3.5% in 2002 and assuming a 2.7% increase in unsettled jurisdictions, the gap is reduced to \$192.00. Factoring in the County's proposed 3% adjustments in 2003 and 2004, the deficit is further reduced to \$188 and \$182 respectively, thereby maintaining the County's relative ranking among the comparator jurisdictions. Moreover, if the arbitrator factors in longevity premiums provided to Kittitas County officers, the disparity is even smaller.

(4) With the exception of the 2000 contract year during which Sergeants and Detectives received mutually agreed upon special adjustments at the expense of Line Deputies, the bargaining history since 1995 reveals a consistent pattern of wage adjustments in the 3.0% to 3.5% range. The County's proposal of a 3.5% adjustment in 2002 and 3.0% in 2003 and 2004 is consistent with this pattern.

(5) Another statutory factor the Arbitration Panel must consider in arriving at an award is the cost of living as measured by the Consumer Price Index (CPI). The annual increase in the CPI from 2001 was 2.7%, for 2002 it was 1.4% and the average of the first four (4) months in 2003 was 2.8%. Clearly, the County's proposed wage adjustments of 3.5%, 3.0% and 3.0% during this period compares favorably with the CPI.

(6) The wage adjustments offered by the County compare favorably with settlements the County has reached with other bargaining units during the term of this Contract. For instance, in 2001, all County bargaining units with the exception of the Appraisers received no wage increase. In 2002, settlements with other Kittitas County bargaining units ranged from 2.7% to 3.1%. Finally, in 2003 Kittitas County settlements range from a low of 1.0% to a high of 2.5%. Clearly, the County's proposed adjustments compare favorably with these settlements.

(7) The County's proposal also compares favorably with settlements reached by the six (6) comparable jurisdictions agreed upon by the parties. These settlements range from a low of 1.0% to 5.0% as a high for 2002. For 2003 of those jurisdictions settled the range was from 1.0% to 4.0%.

C. Analysis

The analysis of the Neutral Arbitrator is based on an application of the statutory criteria to the facts of this case. What follows is a summary of the focal points in that analysis.

In my view this case lends itself to a straight forward analysis because no inability to pay defense was raised and also because the comparables suggested by the parties, while not identical, lead to similar conclusions.

At the outset, I agree with the Union's suggestion that it is not necessary to decide which comparables are most appropriate because whichever group is used the results are substantially the same. For this reason, I will use the six (6) comparators agreed upon by the parties and proposed by the County without making a determination whether Chelan and Franklin Counties would also have served as appropriate comparator jurisdictions.

1. Comparability

Without question, comparability is one of the key determinants used by Interest Arbitrators to determine appropriate wage adjustments. This is particularly true where, as here, no evidence of an inability to fund a reasonable wage adjustment was produced.

I have no intention of going into a detailed analysis of the comparability data because it is apparent to me that however the data is analyzed, wage rates in Kittitas County lag significantly behind the average of the comparator jurisdictions placing the County in a “catch up” mode. I will, however, in fashioning an award err on the side of being conservative because, as will be discussed elsewhere, my goal is to divert funds that could be allocated to wage adjustments to improve the woefully deficient medical benefits provided by the County to bargaining unit employees.

On a related topic, I will briefly address the County’s relative ranking argument. Basically, the County argues that its wage rates have for some time (apparently since at least 1995) lagged behind the average of the comparator jurisdictions and its wage proposal does nothing more or less than maintain its relative ranking. That argument would be far more persuasive were there evidence on the record that the County was unable, as distinguished from unwilling, to fund reasonable wage adjustments designed to bring Kittitas County wage rates more in line with the average. This is particularly true where, as here, demographic factors such as population and assessed valuations suggest Kittitas County should be more in line with the average of the comparator jurisdictions.

2. Cost of Living

It is true that the cost of living as measured by the CPI for the relevant time period (i.e., 2002-2004) is generally consistent with the County's wage proposal. On the other side of the coin, what we are really talking about in this case is the amount of "catch up" needed above the cost of living to bring Kittitas County officers in line with their counterparts.

3. Other Factors

Another factor traditionally considered by Interest Arbitrators involves supply and demand in the local labor market. In this case the supply and demand factor pertains more to the medical insurance benefit than it does to wage rates. Nevertheless, low wage rates compared to other local labor market employees such as CWU and the City of Ellensburg were cited as a factor for Kittitas County deputies taking jobs with these employers. Suffice it to say, while the County is quite correct in arguing that CWU and the City of Ellensburg are not appropriate comparators, the fact remains that Kittitas County is experiencing very real retention problems because of its low wage rates. This factor supports the Union's more generous wage proposal.

One final factor cited by the County in support of its wage proposal involves internal parity. The County contends it would be inappropriate for the Arbitration Panel to award wage adjustments that are out of line with settlements previously made with other Kittitas County bargaining units. I will take this factor into account in fashioning my award.

4. Summary

As previously indicated, an application of the statutory criteria to the facts of this case tend to support a significant “catch up” award in line with the Union’s proposal.

On the other side of the coin, I am even more concerned with the amount of out-of-pocket expenses officers have to pay to maintain full family medical benefits than I am with below average wages. Consequently, I will award conservative wage adjustments with the intent that dollars that would otherwise go to wage adjustments will be allocated to medical insurance.

D. AWARD

- (1) Effective January 1, 2002 retroactively adjust all bargaining unit salaries by 3.5%.

(2) Effective January 1, 2003 retroactively adjust all bargaining unit salaries by 3.0%.

(3) Effective January 1, 2004 adjust all bargaining unit salaries by 3.0%.

Issue #2 - Article 25 - MEDICAL, DENTAL, VISION AND LIFE

INSURANCE BENEFITS

Under the terms of the predecessor agreement, the County provides medical, dental, vision and life insurance benefits pursuant to plans provided by the Association of Washington Counties Insurance Trust. With respect to medical coverage, the County contributes up to \$420.60 for medical premiums with the understanding that effective January 1, 2001 any increase in premium based on the least expensive plan offered will be split by the County and the Union with the increased amount becoming the new cap.¹ Premiums are based on a step rate system but contributions are pooled for employees not requiring the full contribution amount. With respect to dental, vision and life insurance benefits, the County's contribution is capped at the cost of employee only coverage.

¹ Apparently the new cap is \$426.48 (see, Union Exhibit AA, page 3).

A. The Union

The Union proposes to amend Article 25 to read as follows:

“Article 25 – Medical, Dental, Vision, Life and Retirees Benefits

- 25.1 Effective January 1, 2002, and each month thereafter, the Employer shall pay into the following named trusts for each employee who is covered by this agreement compensated for eighty (80) hours or more in the previous month the following:
- 25.1.1 Medical Plan: Contribute the sum of \$539.80 into the Washington Teamsters Welfare Trust, per month for benefits under JC28XL Plan. (Includes long-term disability, short-term disability, and twelve (12) month waiver).
- 25.2 Dental Plan: Effective January 1, 2002, the Employer shall pay the full cost of dental coverage, the sum of \$87.90 per month for benefits under the Washington Teamsters Benefit Trust Dental “RC Plan.”
- 25.3 Vision Plan: Effective January 1, 2002, the Employer shall pay the sum of \$11.35 per month for benefits under the Washington Teamsters Benefit Trust Vision Plan.
- 25.4 Effective January 10, 2002, the Employer agrees to pay the Washington Retirees Welfare Trust for each employee who received compensation for eighty (80) hours or more in the previous month the following: the sum of \$39.85 per month for continued benefits under the “RWT PLUS.”
- 25.5 Maintenance of Benefits. The Union agrees that during the life of this Agreement it will not request additional benefits, and the Employer agrees to pay any increase in contribution rates as required by the Trustees to maintain these benefits. Payments required under any of the foregoing provisions shall be made on or before the tenth (10th) day of the month. [2003 costs are listed on Attachment A.]
- 25.6 Acceptance of Trusts: The Employer hereby acknowledges that it has received true copies of the Washington Teamsters Welfare Trust and the Western Conference of Teamsters Pension Trust, and shall be considered a

party thereto. The Employer further agrees that the Employer-Trustees named in said trusts, and their successors in trust are and shall be its representatives and consents to be bound by the actions and determination of the trustees.”

The Union’s arguments are summarized as follows:

(1) By any objective measure, the current situation at Kittitas County with respect to medical insurance is intolerable and must be changed. For instance, the credible testimony established that when the amount paid for health insurance premiums is factored in, the income of at least three (3) deputies is so low that they are eligible for Medicaid coupons to cover their children’s medical care. Equally shocking, deputies requiring full family coverage now pay as much as \$708.19 out-of-pocket to cover their health insurance costs (Union Exhibit GG). As a result, many members of the department are unable to fully cover their families or they have had to seek Medicaid assistance.

(2) No other County among the comparator jurisdictions proposed by the County has done what Kittitas County seeks to do; freeze its health and welfare contributions for three (3) years notwithstanding a dramatic increase in premiums (County Exhibit Binder – Medical Insurance, pages 2 and 3). The end result of the County taking this position has been that in 2003 officers in Kittitas County

requiring full family insurance have to pay as much as \$746.35 out-of-pocket per month while the County pays no more than \$426.48 per employee, per month.²

(3) As previously discussed, the Union's modest wage demand of 4.3% represents less than half of the deficit between wage rates in Kittitas County and the average of the comparable jurisdictions. These deficits represent substantial savings to the County over the term of the three (3) year agreement. The County's own internal documentation reveals that these savings are equal to or greater than the total employee contributions to medical premiums in 2002 and 2003. This being so, the Union proposes that these wage savings be funneled into medical benefits, i.e., they should be used by the County to provide fully paid medical coverage for all bargaining unit employees.

(4) Any rational review of the comparability data shows that over the term of the agreement, i.e., from 2002 - 2004, Kittitas County officers pay far more for health insurance than their counterparts in the comparator jurisdictions. For instance, a review of the County's preferred comparators for 2002 shows that a Kittitas County employee paid from \$222.97 to \$300.16 more per month for medical insurance (Union Exhibit BB).³ A similar conclusion can be discerned by

² Pooling as of March 2003 adds \$56.90 to the County's contribution to bargaining unit employees requiring dependent coverage.

³ The difference between \$222.97 and \$300.16 is created by pooling.

reviewing the information under the Medical Insurance Tab, page 2, in the County's binder, which shows that Kittitas County deputies paid \$261.70 more than the average of their counterparts in the comparator jurisdictions.

(5) Unfortunately, the disparities get dramatically worse in 2003. Union Exhibit DD shows that Kittitas County deputies now pay a whopping \$441.60 more per month than deputies in the comparator jurisdictions, while the corresponding County analysis reveals an even greater disparity of \$515.74 per month. Moreover, both parties' analyses show that while Kittitas County deputies pay more, the County pays significantly less. Suffice it to say, this situation is intolerable and must be corrected.

(6) The County's attempt to make the Union responsible for its LEOFF I liability is illegal. The County is obligated under RCW 41.26.150 to furnish retiree health and welfare benefits to so called LEOFF I retirees, i.e., those who retired prior to October 1, 1977. The important point is that the County obligation to LEOFF I retirees arises completely out of the applicable retirement statute, RCW 41.26, et seq. It is well established that it is illegal to bargain regarding subjects covered by the LEOFF retirement system or to submit those subjects to interest arbitration inasmuch as LEOFF I retirees are no longer members of the bargaining unit. Firefighters v. City of Seattle, 93 Wn App 235 (1998), Allied Chemical & Alkali Workers Local 1 v. Pittsburgh Plate Glass Co., 404 US 157, 30 LEd 2d 341

(1971). Under these circumstances, the County is barred from attempting to bargain concerning the LEOFF I issue.

(7) The Arbitration Panel should award full retroactivity both as to wages and health care benefits. If the award is not made retroactive, the County will have achieved, through delay, the very thing it does not deserve; namely a freezing of its meager \$476.36 health and welfare contribution. If the interest arbitration process is to have any meaning, the Panel's health benefits award must be made retroactive to 2002.

B. The County

The County proposes to retain current contract language except that effective January 1, 2002 its monthly contribution toward medical premiums for each bargaining unit employee will be \$426.48, subject to pooling. Under the County's proposal, it continues to pay the full cost of employee only coverage for dental, vision and life insurance under WCIF.⁴

The County's arguments are summarized as follows:

⁴ Except as noted, the only difference from the language of the predecessor agreement pertains to the reference to the possibility of changing to the Teamsters JC28XL Medical Plan. This reference is omitted from the County's proposed language.

(1) The Union's attempt to force the County to change from the WCIF Plan to the Teamsters JC28XL Plan should be rejected for a number of reasons. First, all Kittitas County employees are on the WCIF Plan. Under these circumstances, one (1) bargaining unit should not be permitted to drive the determination of an employer's medical plan. In this regard, the evidence suggests that removal of one (1) group of employee from WCIF could result in increased premium costs for the County and the remaining employees. Second, no evidence was presented by the Union suggesting that the County's obligations with respect to LEOFF I retirees could be accommodated if the County changed from WCIF to the Teamsters JC28XL Plan. The County currently is obligated to provide full coverage until death to 11 LEOFF I retirees. Were the County to leave the current plan, WCIF would cancel coverage for the LEOFF I retirees leaving the County with open-ended liability. The parties have attempted to bargain this issue in the past but have been unable to come to a resolution. Finally, the history of the bargaining unit is that despite lengthy negotiations on the issue, the parties have always agreed to stay with the WCIF Plan.

(2) The next question for the Arbitration Panel pertains to the amount of the County's contribution. A breakdown of the comparability data reveals that of the six (6) agreed upon comparators, three (3) have Teamster plans and the other three (3) have non Teamster plans. Only one (1) of the comparables, Pacific City, has the JC28XL Plan the Union is proposing.

The only way to reasonably compare medical insurance is to compare those counties with the same or similar plans. Of the six (6) agreed upon comparables submitted by the County, two (2) have the same or similar plans to Kittitas County; namely, Whitman and Okanogan Counties. Douglas County is a hybrid inasmuch as it does not have a Teamster plan but it uses a composite rate. Of these three (3) Counties, the average for employee only medical insurance paid by the County is \$382.00 (Employer Binder; Medical Insurance, page 3). The average out-of-pocket from employee only coverage is \$115.75. With respect to full family coverage for the same three (3) jurisdictions (Whitman, Okanogan and Douglas Counties), the employee out-of-pocket costs for 2003 average \$513.11.⁵ The average would be even higher if Franklin County at \$661.26 out-of-pocket for full family insurance were factored in (Union Exhibit CC).

Comparisons between these three (3) jurisdictions and Kittitas County show that the latter has an employee only cost of zero (0) for 2003 and a full family out-of-pocket of \$746.35 compared to a range of \$315.00 (Douglas County) to \$633.00 (Whitman County) for the comparable jurisdictions.

(3) It is true that the full family out-of-pocket for Kittitas County is higher than that of the comparator departments but the history of settlements between the

⁵ I have used the figures in the County's binder. Those figures are slightly different than the figures cited in the County's brief.

parties establish the basis for this differential. In this regard, commencing in 2001 the County began moving toward a fixed contribution of \$450.00 for all County bargaining groups. By 2002 all groups were fixed at \$450.00 and this holds true for 2003.

(4) A review of the bargaining history between the County and its deputies establishes that this County has historically paid for employee-only coverage with only minimal contributions to full family coverage and pooling commencing in 2000. The County's proposal is in line with what the parties have historically bargained with respect to dependent coverage.

(5) It is true that increases in premium costs have skewed the percentage out-of-pocket costs paid by bargaining unit employees, which currently stand at 61%. However, Whitman County at 57% and Okanogan County at 45% are also relatively high. Moreover, based on what the County contributes for dependent coverage for other County employee groups, the proposed contribution level is appropriate and should be awarded.

C. Analysis

The Neutral Arbitrator concurs with the Union's characterization of the current situation with respect to health care benefits as "intolerable" and I would add the word

“troubling.” To be blunt, while I recognize that sharply escalating health insurance premium costs are making it difficult for employers to provide fully paid, quality health coverage for their employees, I am shocked by the out-of-pocket premium costs paid by Kittitas County officers (and some others) for full family coverage. I am also struck by the disparity in out-of-pocket costs required for full family coverage when a step system is utilized as distinguished from a composite rate. Clearly, the latter makes more sense for employees requiring full family coverage.

1. Ability to Pay

Inasmuch as no evidence of an inability to pay as distinguished from an unwillingness to pay was produced, this criterion is not a factor in arriving at an award. Moreover, as previously discussed, I have taken a conservative approach toward wage adjustments because I want all available dollars to be allocated toward improving health care coverage. Finally, as the Union correctly observes, this County has over the last three (3) years realized substantial savings by maintaining a very low cap on premiums it pays for health insurance based on an employee-only coverage approach. The unfortunate end result of this approach from the employee’s perspective has been a dramatic increase in the amount they are required to pay for full family coverage. In my view, basic fairness dictates that at least some of those savings must be used to provide better health coverage for all bargaining unit employees.

2. Comparability

As was the case with wages, I will use the six (6) comparators proposed by the County (i.e., Whitman, Stevens, Okanogan, Douglas, Jefferson and Pacific Counties) without attempting to determine whether the two (2) additional comparators proposed by the Union would also be appropriate. What I will not do, however, is adopt the County's suggestion that I eliminate three (3) of the comparators from its own list (Pacific, Stevens and Jefferson Counties) of comparable jurisdictions because they happen to have Teamster plans with composite rates and lower premiums. Simply stated, it would be grossly unfair to allow the County to manipulate the comparative data in its favor by eliminating from consideration those jurisdictions that pay most of the premiums for their employees. If anything, the County should take a cue from the fact that Teamsters or other plans with a composite rate structure generally cost less and provide a better benefit for bargaining unit employees requiring full family insurance. In this regard it is important to understand that since most employees need (or soon will need) full family coverage, a system whereby its contribution is based on employee-only coverage is fatally flawed.

A comparability analysis based on the six (6) agreed upon jurisdictions proposed by the County already establishes that Kittitas County is out of step when it comes to insurance. While there are some relatively minor variations

depending upon whether one uses the Union's or the County's analysis and factors in the effect of pooling, the fact remains that in 2002 Kittitas County deputies paid from \$222.97 to \$300.16 more for health care than the average paid by deputies in the comparator jurisdictions (Union Exhibit BB and Employer Binder under Medical Insurance, Tab 2). Moreover, as the Union correctly observes, the disparities got dramatically worse in 2003 with Kittitas County deputies now paying out-of-pocket on average a whopping \$441.60 more than their counterparts in the comparator jurisdictions (Union Exhibit DD).⁶ All the while, the share of the premium amount paid by the County over this period actually declined. Suffice it to say, the situation as it stands is intolerable and must be corrected.

3. The Current Plan versus the Teamsters Plan

The County proposes to retain the existing plan while the Union wants to adopt the Teamsters JC28XL Plan.

I would be less than candid were I to say that I am not tempted to award the Teamsters JC28XL Plan as proposed by the Union. After all, it provides an equivalent benefit to bargaining unit employees and it comes in at a substantially lower cost.

⁶ The County's comparability data, as revised at hearing, which include the effect of pooling, show that Kittitas County deputies paid \$438.62 more on average than their counterpart in the comparator jurisdictions (Employer Binder under Medical Insurance, Tab 2).

On the other side of the coin, the County's concerns with respect to open-ended liability for LEOFF I retirees in the event it changes from the current plan to the Teamsters JC28XL Plan appear to be justified. In this regard, while it is true that the LEOFF I obligation is not per se a proper issue for bargaining that is really not the point. The reality is that the County has a financial obligation to its LEOFF I retirees and it is fully justified in taking that obligation into account in deciding which insurance plan best meets its overall needs. Inasmuch as it is undisputed that LEOFF I retirees would not be covered under the JC28XL Plan, I am unwilling to award a change in plans that would leave the County with this open-ended liability. Moreover, as the County correctly observes, removing the Sheriff's Department from the existing plan could result in increased premium costs for other County bargaining units.

While I will not award a change in plans, I feel compelled to point out the obvious. Inasmuch as retention of the more expensive County plan is going to cost the County more in the future, it would behoove the County to leave no stone unturned in searching for a composite rate plan that satisfies its overall needs. Coincidentally, it may well be in the long-term interest of the employees to consider a less expensive plan that will serve the dual purpose of providing adequate insurance coverage while at the same time minimizing employee out-of-pocket costs.

4. The Relative Ranking Argument

As previously discussed under the “Wages” section of my award, the County’s relative ranking argument, i.e., that its proposal is consistent with what it has always done with insurance, is not persuasive. It is true that under certain circumstances a legitimate goal of a comparative analysis in an interest arbitration is to maintain the relative ranking of the target jurisdiction as compared with the other jurisdictions in the comparator grouping. Stated a little differently, among any group of comparators someone has to be first and someone has to be last. Thus, leaving aside other factors, the goal should be for the target jurisdiction to maintain its historical, relative ranking among its peers.

The problem with too slavish an adherence to the relative ranking approach is that it discounts other relevant factors such as ability to pay and related demographic factors, i.e., population, cost of living, labor market, assessed valuations, etc. The reality is that there are typically valid reasons based on these factors for certain jurisdictions to rank first, last, or somewhere in the middle. In this case, inasmuch as the County produced no evidence of an inability to pay and other demographic factors do not support a sub par relative ranking, its argument is not persuasive.

5. Retention

The Union produced persuasive evidence establishing that deputies have either left or are contemplating leaving the Department largely because of the insurance issue. To be blunt, this is where “the rubber meets the road.” If a department is losing good deputies because its compensation package is inadequate, it’s time to make a change.

6. Summary

The Union argues with considerable merit that to be meaningful, my award with respect to health insurance as well as wages must be made retroactive. Otherwise, according to the Union, the County will achieve through delay the very thing it does not deserve, i.e., the freezing of its meager \$476.36 health and welfare contribution.

From my perspective, it is impractical, if not impossible, to recapture through retroactivity the amount of out-of-pocket deputies have had to pay over the past three (3) years. On the other hand, I fully intend to use the savings the County has enjoyed by limiting its insurance contributions over the last three (3) years to prospectively improve the insurance benefit for bargaining unit members. More specifically, my goal will be to increase the County’s contribution level for

full family coverage from approximately 38% to 90%. This will be done within the framework of the existing Health Insurance provision that includes the pooling concept.

7. Award

(A) Effective September 1, 2003 the County's contribution toward medical, vision, dental and life insurance shall increase to 90% of the premium cost for full family coverage. The County's contribution will be subject to pooling.

Respectfully submitted this *29th* day of August, 2003


George Lehleitner
Neutral Arbitrator

Arbitrator Wayne Johnson

- I concur
- I dissent

Arbitrator Anthony Menke

- I concur
- I dissent