

In the Matter of Arbitration)	OPINION AND AWARD
)	
Between)	
)	
County of Traverse, Minnesota, employer)	BMS Case No. 12-PN-1205
)	
And)	
)	
Law Enforcement Labor Services, Inc., Local 148,)	Issued June 6, 2013
Union)	

Appearances:

For the employer: Justin R. Anderson, Kratochwil & Anderson, P. A., Elbow Lake, Minnesota

For the union: Douglas Biehn, Business Agent, Law Enforcement Labor Services, Inc., St. Paul, Minnesota.

Procedures

The undersigned was chosen as Arbitrator in this matter of interest arbitration through the procedures of the Minnesota Bureau of Mediation Services. A hearing was held in this matter on May 1, 2013 at the Traverse County Courthouse annex in Wheaton, Minnesota, commencing at 10 a.m. With the simultaneous exchange of post-hearing Briefs on May 15, 2013, the record in this matter was closed.

The Parties

The employer is an atypical Minnesota county---it has the smallest population of any county at approximately 3400 people (and falling) and the oldest population of any county in the state (and the fourth oldest population of counties in the US). As a county, it has the typical functions of most: a sheriff's office, a jail, etc.

The union represents the deputies and other officers in the sheriff's department; there are currently ten such positions, a number apparently increased by the fact that some of Traverse's

neighboring counties do not maintain jails, but rely in Traverse County to supply jail services.

The parties are signatories to a labor agreement which expired on December 31, 2011 but has continued in force due to failure to agree on a successor agreement. The sole open issue for the successor agreement is the amount of wage increase for 2012. The employer is offering one percent; the union seeks a 6.2% increase. That is what this matter is all about.

Contentions of the Parties

This is a fairly straightforward case, involving as it does only one issue. Since this issue at stake is open to a simple analysis, the Arbitrator will not seek to make matters seem more complex than they are. We will deal fairly briefly with the various and conflicting contentions of the Parties..

Minnesota statutes do not prescribe specific criteria for interest arbitration. Case law and arbitration awards have focused on four major factors behind such awards:

- Internal pay comparisons and trends,
- Pay comparisons with the same or similar jobs in external comparison groups,
- Cost of living changes, and
- The employer's ability to pay.

In addition, arbitrators must be careful that adjustments do not put the jurisdiction in violation of Minnesota's Local Government Pay Equity Act, which has fairly complicated rules for pay equity among an employer's male-dominated vs. female-dominated job classes.

Starting with the Pay Equity Act concerns, neither Party's proposal would apparently put the County out of compliance. The Union put its proposal through the State-provided software and reported the result in union exhibit 16. Fairly predictably, the County's 1% proposal does nothing to upset the County's compliance. So this concern is not determinative.

Such cost of living data as are available fall between the two proposals, and are not of much

help.

According to the union, the county would not be forced to raise taxes if the union's proposal is granted (testimony of Auditor-Treasurer Johnson), but (according to the same witness) the county's net asset balance is somewhat below the state-required level of 5/12s of annual expenditures. This matter is more of a side issue than a determining factor.

With respect to internal comparisons and trends, the source of the union's wage request is of some interest. On May 15, 2012, the Traverse County Board voted to allow itself per diem of \$60 for the first meeting of each month. According to union exhibit 12, prior to that vote, no per diem had been paid for the first meeting of a month, the expenses being expected to come out of the Commissioners' salaries. A \$60 increase compared to (inadvertently, per the union's brief) their 2008 salaries yields a "pay increase" of 6.2%. (Compared to the correct 2012 salary of commissioners, the "pay increase" is 6.01%.) Whether an increase in the total amount of per diem is actually a "pay increase" is debatable, although the fact remains that (to the extent that the new \$60 "first meeting of the month" per diem offsets the actual expenses of attending such meeting), it does represent a 6% increase in commissioners' after-expenses salary income. Thus, it is not a total red herring.

Nevertheless, other internal comparisons suggest the potential for upsetting other bargaining relationships within county employment if the union's proposal is granted. According to testimony by county coordinator Rhonda Antrim, the AFSCME unit has settled for 1%, even if the final agreement is yet to be executed; the Highway bargaining unit is expected to do the same. To break this pattern would destabilize bargaining. Most emphatically, there would strong pressure to never be the first unit to settle in future negotiations.

We now turn to the matter of external compensation comparisons. At the very outset, the

Parties (as is usually the case) promote different comparison groups. The Union favors a list of four counties adjacent to Traverse (but of course in Minnesota): the counties of Big Stone, Grant, Stevens and Wilkin. The employer argues for a comparison group made up of the counties in Minnesota's Department of Employment and Economic Development Economic Development Region 4, which consists of the four counties just listed plus Becker, Clay, Douglas, Otter Tail and Pope (and Traverse County, of course). Both Antrim and Johnson testified that the use of Region 4 introduces too much disparity; indeed, there are cities in some of those counties with populations greater than that of Traverse County.

Fortunately, the choice of a comparison group does not affect the pay comparisons in a night-and-day fashion. In fact, both union exhibit 8 and employer exhibit X make comparisons with the same four adjacent counties group. Focusing just on the deputy sheriff classification (in part because it is the only classification to exist in all five counties), we find that the Traverse county minimum is \$43.18 per month below the 5-county average, while the Traverse county maximum is \$226.67 per month below that average. These figures themselves obscure a significant point: Traverse county deputies spend more of their careers at the maximum than do other counties' deputies---in Traverse county the years to maximum figure is 6, while in the other four counties, the number is roughly twice that. (The flip side of this fact is that Traverse County deputies and other covered employees spend more of their careers not getting annual step increases, which may produce discontents of its own.)

Moreover, as the employer stresses, the lower salary is more or less offset by higher insurance contributions made by Traverse County. If one uses the actual distribution of Traverse County employees covered by this agreement (7 on family health coverage, 3 on individual) instead of the 2-to-1 ratio offered in the employer's arguments---presumably for computational simplicity---the average health care contribution by Traverse County comes to \$1021.62 as compared with \$822.50 in the

adjacent four counties. So the income-tax liable salary deficit is actually offset in full by the non-taxable difference in insurance contributions by this employer. The employer's position on the single issue before the Arbitrator is fully justified.

AWARD

The employer's position---a 1% increase in the salary scale---is awarded.

Given this sixth day of June 2013 at St. Paul, Minnesota,

James G. Scoville, Arbitrator