STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between	
COUNTY OF HUNTERDON	**INTEREST ARBITRATION DECISION AND AWARD**
"the County or Employer"	
and	
FOP LODGE 29	Docket No: IA-2009-067
"the FOP or Union"	

Before: Robert M. Glasson, Arbitrator

APPEARANCES

FOR THE COUNTY:

Gaetano M. DeSapio, Esq.
Law Offices of Gaetano M. DeSapio

FOR THE FOP:

Matthew D. Areman, Esq.
Markowitz & Richman

Procedural History

The County of Hunterdon (the "County") and FOP Lodge 29 (the "FOP") are parties to a collective bargaining agreement (the "CBA") which expired on December 31, 2008. Upon expiration of the CBA, the parties engaged in negotiations for a successor agreement. Negotiations reached an impasse, and the FOP filed a petition with the New Jersey Public Employment Relations Commission ("PERC") on February 27, 2009, requesting the initiation of compulsory interest arbitration. The parties followed the arbitrator selection process contained in N.J.A.C. 19:16-5.6 that resulted in my mutual selection by the parties and my subsequent appointment by PERC on March 25, 2009, from its Special Panel of Interest Arbitrators.

I conducted four mediation sessions which proved unsuccessful. Formal interest arbitration proceedings were invoked and a hearing was conducted on April 13, 2010, when the parties presented documentary evidence and testimony in support of their positions. At the hearing, I granted the parties' request to supplement the record with financial certifications and additional exhibits which were duly submitted. Both parties filed post-hearing briefs and the record was closed on July 13, 2010.

This proceeding is governed by the Police and Fire Public Interest Arbitration Reform Act, P.L. 1995, c. 425, which was effective January 10, 1996. While that Act, at N.J.S.A. 34:13A-16f(5), calls for the arbitrator to render an opinion and award within 120 days of selection or assignment, the parties are permitted to agree to an extension. The parties agreed to extend the time limits for the issuance of the award.

The parties did not agree on an alternate terminal procedure. Accordingly, the terminal procedure is conventional arbitration. I am required by N.J.S.A. 34:13A-16d(2) to "separately determine whether the net annual economic changes for each year of the agreement are reasonable under the nine statutory criteria in subsection g. of this section."

Statutory Criteria

The statute requires the arbitrator to:

> decide the dispute based on a reasonable determination of the issues, giving due weight to those factors listed below that are judged relevant for the resolution of the specific dispute. In the award, the arbitrator or panel of arbitrators shall indicate which of the factors are deemed relevant, satisfactorily explain why the others are not relevant, and provide an analysis of the evidence on each factor.
>
> (1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by P.L. 1976, c 68 (C.40A:4-45.1 et seq.).
>
> (2) Comparison of the wages, salaries, hours, and condition of employment of the employees involved in the arbitration proceedings with the wages, hours and condition of employment of other employees performing the same or similar services with other employees generally:
>
> (a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
>
> (b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
>
> (c) In public employment in the same or similar jurisdictions, as determined in accordance with section 5 of P.L. 1995, c. 425 c. 34:13A-16.2); provided, however, each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

(3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.

(4) Stipulations of the parties.

(5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976, c. 68 (C.40A:4-45.1 et seq.).

(6) The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or municipality, the arbitrator or panel of arbitrators shall take into account to the extent the evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element, or in the case of a county, the county purposes element, required to fund the employees' contract in the preceding budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers on the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in its proposed local budget.

(7) The cost of living.

(8) The continuity and stability of employment including seniority rights and such factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations and collective bargaining between the parties in the public service and in private employment.

(9) Statutory restrictions imposed on the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by Section 10 of P.L. 2007, c. 62 C. 40A:4-45.45)

FOP's Last Offer

1. **Term of Agreement:** January 1, 2009 to December 31, 2011.

2. **Salary**:

   a. The FOP proposed the establishment of a ten-step salary scale as follows:

STEP	2009	2010	2011
10	59,643	61,432	63,275
9	54,002	54,002	54,002
8	51,006	51,006	51,006
7	47,118	47,118	47,118
6	43,270	43,270	43,270
5	40,500	40,500	40,500
4	38,900	38,900	38,900
3	37,500	37,500	37,500
2	33,648	33,648	33,648
1	31,600	31,600	31,600

   b. Beginning on January 1, 2009, employees shall be positioned/slotted on the salary scale at the Step that corresponds to their actual salary. If an employee's actual salary is not reflected on the salary scale, she/he shall be positioned/slotted at the Step which reflects the nearest higher salary.

   c. Employees shall progress to the next higher step on the scale on January 1 of each successive year of the agreement, i.e., January 1, 2010 and January 1, 2011.

   d. FOP Lodge 29 shall forego retroactive pay for the calendar year beginning January 1, 2009 through December 31, 2009.

3. **Clothing Allowance**:

The FOP proposes to modify Article 8 to reflect a $200 increase in the Uniform Maintenance Allowance from $600 per year to $800 per year) beginning January 1, 2011.

4. All matter agreed to by the parties in the February 18, 2009 Memorandum of Agreement shall be incorporated in the final award.

County's Last Offer

1. **Term of Agreement:** January 1, 2009 to December 31, 2011.

2. **Salary:**

The County proposes salary increases in accordance with Schedule A.

3. **Change in Pay Dates:**

The County proposed that effective January 1, 2011, the County will pay employees on a bi-weekly basis during the calendar year based on the following schedule:

Commencing with the first payday in 2011, the payday shall be moved forward one (1) business day and thereafter be moved one (1) additional business day every second pay period until the payday has moved forward two (2) weeks (ten work days), at which time two (2) weeks pay (ten days pay) has been held back and remains that way thereafter. This means that:

1. The first paycheck in January, 2011, which would have been normally issued on a Friday will be dated and issued the following Monday.

2. The next pay check will be dated and issued two weeks later on a Tuesday.

3. The third paycheck will be dated and issued two weeks later but no on Monday, but the next day, a Tuesday.

4. The fourth paycheck will be dated and issued two weeks later on a Tuesday.

5. The fifth paycheck will be dated and issued two weeks later but no on Tuesday, but the next day, a Wednesday.

6. The sixth paycheck will be dated and issued two weeks later on a Wednesday.

7. This patter will be continued until the objective is met, that is, until the payday has moved forward two (2) weeks (ten work days) at which time at which time two (2) weeks pay (ten days pay) has been held back and remains that way thereafter. Thereafter, pay schedules shall not be changed.

8. The first paycheck in 2012 will be for the last two weeks due in 2011, since it covers ten (10) days of pay for 2011. Each succeeding paycheck will be at the rate of pay applicable to the ten (10) day pay period which the check covers. Two weeks after an employee permanently l eaves the employ of the County, two weeks pay will be owed to the employee and paid out at the employee's rate of salary at the time they terminate employment with the County for any reason.

PARTIES' POSITIONS

FOP POSITION

The FOP offers the following background information about Hunterdon County. Hunterdon County is, by all accounts an exceptional place to live. As of the 2000 Census, the population of Hunterdon County was 121,989. Hunterdon County is an "exurb" on the western edge of New Jersey and home to commuters to New York City and Philadelphia. Hunterdon County has been named the richest county, based on median household income data, outside of the Washington, D.C. area. (U-5 & U-6). The high ranking has been attributed to the large number of upper-middle class households in the County, as well as to the higher than average education level of its residents. According to the Hunterdon County Chamber of Commerce, "people with higher incomes are attracted to Hunterdon County because it's a beautiful place, with blue-ribbon schools ... equidistant from Philadelphia and New York." (U-6). Indeed, the most recent statistics show that median household income in Hunterdon County is $100,327, topping all other counties in New Jersey. (U-7).

Despite its lofty status, Hunterdon County has seen a shift in its prison population in recent years from run-of-the-mill criminals, to more drugs, gang-affiliated and violent criminals. On April 8, 2010, just prior to the hearing in this matter, the prison population of the Hunterdon County jail was 104, almost half of which are accused of violent crimes. (U-11). FOP witness Matt Walker also testified to seeing more gang members and violent drug offenders in recent years, and even a serial killer.

Correction officers perform a variety of duties ranging from inmate counts, searching inmates and cells for drugs or contraband, escorting inmates to various locations both inside and outside the jail, investigating complaints by and against inmates and staff, restraining disruptive inmates, monitoring inmates during shower periods, and performing life-saving techniques or first-aid. Correction officers must also be proficient in the use of handguns, shotguns, mace, handcuffs and the PR-24 defense baton. (U-8).

The FOP submits that the job of a correction officer is serious and dangerous. While the New Jersey Department of Labor and Industry Survey of Occupational Injuries reports an overall decline in injury rates, the injury rates for correctional officers increased to 14.6 in 2008, up from 13.5 in 2007. (U-9). The County's injury information reveals the dangers faced by Hunterdon County correctional officers in dealing with an ever more violent inmate population. (County Exhibit Binder, Tab 6).

While the 30 correction officers in Hunterdon County do an exceptional job, the turnover rate for the unit has been incredibly high. In just the past ten years, the correction unit has gone through approximately 100 officers. That is three times more than the actual number of corrections officer positions. One reason for this high turnover rate is the fact that Hunterdon County correction officers do not have a salary step guide. Every time the CBA expires, the officers have to fight to achieve modest wage increases for each individual officer. Though the correction officers are the only thing standing between inmates at the jail and the Hunterdon County citizenry, the County has continually refused to implement a step guide, making Hunterdon County the only correction unit in the State of New Jersey without such a guide.

Another reason for the lack of retention in the corrections unit is that the County, as explained by Public Safety Director George Wagner, has a "philosophy" of penalizing longevity. As ludicrous as it may sound, the County prefers to punish employees for staying with the County corrections unit. This peculiar and counterintuitive "philosophy," which is exacerbated by the failure to implement a step guide, literally forces most correction officers out the door to corrections units in other counties or to other areas of law enforcement. That the County has made clear that correction officers have a "shelf-life" in Hunterdon County tends to discourage them from staying in the unit.

The FOP's proposal for the implementation of a salary guide is intended to provide corrections officers with the sense that their commitment to the County, their expertise in their field and their success at their job is valued. It further provides the assurance that they can have a long, prosperous career in Hunterdon County. While it may seem as though this proceeding sets the interests of the corrections officers against the interests of the County, in reality, the parties' interests are very much aligned. By paying its corrections officers a respectable wage based on a reasonable ten-step scale that is comparable with similarly situated corrections units, the County will retain and attract the high-quality corrections officer that has helped the Hunterdon County Jail consistently attain a 100% rating with the New Jersey Department of Corrections. The FOP proposals seek to accomplish the goal of maintaining the high level of service the County currently enjoys with regard to the jail and the corrections officers who work there. Moreover, the FOP proposals are well within the County's ability to pay and are analogous with those adopted in comparable jurisdictions. For these reasons, and the reasons that follow, the collective bargaining proposals submitted by the FOP should be adopted.

STIPULATIONS OF THE PARTIES

Section (g)(4) of the Police and Fire Public Interest Arbitration Reform Act, N.J.S.A. 34:13A-16(g)(4) states that one factor to be utilized by an arbitrator in reaching an Interest Arbitration determination is the stipulations of the parties. In the present matter, the parties entered into an agreement on or about February 18, 2009 with respect to certain terms and conditions of employment as reflected in U-2, and did so without prejudice to their respective position on any open matters.

DISCUSSION

On the one hand, this interest arbitration is not unique, particularly in these difficult economic times, in that the parties' disputes come down to the financial terms to be included in the successor CNA. On the other hand, this matter is unique in that the FOP has proposed a final offer so modest that its cost exceeds the County's own proposal by only $28,796. This is reduced even further when viewed in the context of reductions in officers wages due to mandatory health care premium payments and the two-week withholding scheme proposed by the County. In the end, the dollar difference between the proposals is arguably far less than the County's costs of arbitrating this matter. What further makes this interest arbitration unique is that the County, unlike other public employers in the State of New Jersey, has more than sufficient assets and reserves to fund the FOP's proposals, several times over.

Currently, correction officers represented by the FOP do not have a salary scale. Wages are negotiated by the parties in each contract, essentially, on an individual officer basis. For at least the last six years, the wage structure for correction officers has remained stagnant. Specifically, while individual correction officers have received small wage increases pursuant to the CNA, the starting rate, and to some extent the top rate, have not changed. This, in the collective minds of the corrections officers and the FOP, has been the main cause behind the County's poor retention rate with regard to corrections officers.

As to wages, the FOP has proposed the establishment of a ten (10) step salary scale. In order to determine where officers will be positioned/slotted on the new scale, the FOP proposed that beginning on January 1, 2009, employees shall be positioned/slotted on the salary scale at the Step that corresponds to their actual salary in 2008. If an employee's actual salary is not reflected on the scale, she/he shall be positioned/slotted at the Step which reflects the nearest higher salary. In other words, most employees would receive no wage increase from 2008 to 2009. The salaries listed for 2009 at steps 6, 7, 8, and 10 (no one would be placed at Step 9 in the 2009) are slightly higher than what the six officers who would be slotted into those steps earned in 2008.

For officers slotted at a step reflecting a salary that is higher than their 2008 rate, the FOP has offered to forego any retroactive pay for the calendar year January 1, 2009 through December 31, 2009. Essentially, the FOP's wage proposal costs the County nothing in the first year of the agreement. Thereafter, employees would progress to the next higher step on the scale on January 1 of each successive year of the agreement, *i.e.*, January 1, 2010 and January 1, 2011. The ten steps, incidentally, are benchmarked at the 2008 wages for correction officers, and further, the FOP has proposed no increase in these steps during the term of this agreement. For example, Step 5 remains at $40,500 throughout the term of the CNA.

The FOP submits that these modest proposals were specifically responsive to the County's assertions, during negotiations and mediation, that it was seeking relief from the FOP in 2009, and that it had received relief from at least one other County unit. The FOP accommodated this request in order to meet its principal aim of implementing a step or increment salary guide. The FOP's interest in a salary guide is multi-fold. First, the FOP is striving to bring its CNA in conformance with every other corrections unit in the State, as Hunterdon County Corrections is the only unit without a salary guide in the entire State of New Jersey. Second, by implementing a salary guide, the FOP's intent is to raise the base wage rates of correction officers over time since under the current salary structure, starting salaries and the salary range for correction officers has remained stagnant for many years. Finally, by creating a more competitive salary structure and more attractive wage rates, the FOP intends to curtail the flight of qualified correction officers from Hunterdon County

With regard to the uniform allowance, the FOP submits that in the years since the last collective negotiations agreement was bargained, the cost for uniform maintenance has increased. The FOP notes that the proposed increase would not take effect until January 1, 2011, thus eliminating any burdensome, retroactive payment of any sums in this regard.

The FOP's modest proposals must also be considered in light of the reductions in pay and benefits that bargaining unit members have already experienced and are asked to endure by the County. More specifically, beginning in or about mid-May, 2010, correction officers, like most other public employees in the State, were forced to contribute 1.5% of their base pay toward the cost of their healthcare premiums. Further, the County has proposed a gradual withholding of salary which will result in officers losing two weeks of pay in the short term – to be paid upon retirement. These concessions are in no way reciprocated unless the officers receive their requested salary guide.

Based on the foregoing, it is clear that the FOP proposals are reasonable, affordable, and benefit both the County and the employees, and thus, should be adopted by the Arbitrator.

As discussed above, due to the lack of a salary step guide for Hunterdon County corrections officers, the current atmosphere in the jail is one where overall wages generally remain stagnant, and are far lower than other counties in the State. Moreover, the County's unusual "philosophy" regarding seniority means there is no assurance that correction officers will be rewarded for staying with the County, and indeed, correction officers with any expertise and longevity are subtly forced out of their position. The current atmosphere results in a very high rate of turnover amongst correction officers, which translates into higher costs to the County and lower levels of service in the jail. The County admits that it has a high turnover rate, but "chalks it up" to the concept that corrections is a "gateway" position where a person can get trained and move to a police department. The flaw in this reasoning is that it does not take into consideration the fact that if the County treated the corrections job more like a career position, then employees would treat it likewise.

As to costs, the County has seen approximately one hundred correction officers come and go in the past decade. With training costs at approximately $10,000, plus uniform costs, and overtime payments to officers who fill vacant positions, the cost of such a high turnover rate exceeds one million dollars. This, of course does not include the stress on remaining corrections officers who are overworked and understaffed. The high turnover rate also costs the County in terms of lower levels of service. While the majority of corrections officers do an exceptional job, the County's low wages and lack of a salary scale has resulted in the County attracting less qualified officers. Indeed, according to Walker, the County has, in recent years, terminated a number of new officers due to malfeasance.

Moreover, because the County does not value longevity in correction officers, there are very few officers who can train or guide the newer officers. This, of course, negatively impacts the interest and welfare of the residents and businesses of the County. Remarkably, the County's proposals seek to maintain this negative atmosphere by keeping the status quo.

The FOP's proposals, on the other hand, seek to lift the corrections position to one where the work is valued and seniority and expertise is rewarded. By implementing a salary scale, current correction officers will be more apt to remain in the employ of the County, thus increasing the experience level and professionalism in the jail. The retention of quality correction officers will also reduce, if not eliminate, the costs associated with exceptionally high turnover rates. By implementing a salary scale, and working toward bringing Hunterdon County corrections officers' wages more in line with surrounding counties, the County will begin to attract higher quality recruits. Overall, by attracting and retaining higher quality correction officers, the County also insures itself against the worst-case scenario where inmates escape or are improperly released.

By awarding the FOP's proposals, it is more likely that the citizens of Hunterdon County will be able to continue to not have to think about the jail. Consequently, application of this factor clearly favors the adoption of the FOP's proposal.

Comparison of the Wages, Salaries, Hours and Conditions of Employment

The second statutory criterion calls for a comparison of the wages, salaries and other terms and conditions of employment of the employees involved in the arbitration proceedings with those received by "employees performing the same or similar services and with other employees generally" in three areas: 1) In public employment in the same or comparable jurisdictions; 2) In public employment in general; 3) In private employment in general. See N.J.S.A. 34:13A-16(g)(2). Applying these comparability guidelines, it is apparent that the wages and conditions of employment of the Hunterdon County correction officers lag behind those received by county corrections officers employed in *all other* jurisdictions within the State. Moreover, this gap would only be expanded under the County's proposal. By contrast, under the FOP proposal, the correction officers' wages and conditions of employment would begin to more closely resemble those received by their fellow corrections colleagues in comparable jurisdictions.

Hunterdon County Corrections and Comparable Jurisdictions

The FOP offered the following comparison of Hunterdon County correction officer wages and uniform allowances with those of the other county correction units in the State of New Jersey. (U-15).

County Corrections Unit	Salary Step Scale	Top Officer Base Rate (Year)	Uniform Allowance
Atlantic County	Yes	$54,400 (2006)	$1,250 (2006)
Bergen County	Yes	$106,385 (2010)	$1,200 (2010)
Burlington County	Yes	$60,387 (2008)	$750 (2008)
Camden County	Yes	$59,491 (2005)	$350 (2005)
Cape May County	Yes	$72,082 (2010)	$600 (2008)
Cumberland County	Yes	N/A	$675 (2005)
Essex County	Yes	$72,182 (2006)	$800 (2006)
Gloucester County	Yes	$68,683 (2010)	N/A*
Hudson County	Yes	N/A	N/A**
[redacted]			
Mercer County	Yes	$79,161 (2008)	$0
Middlesex County	Yes	$74,974 (2008)	$800 (2008)
Monmouth County	Yes	$85,001 (2008)	$1,250 (2008)
Morris County	Yes	$85,726 (2010)	$1,200 (2010)
Ocean County	Yes	$86,657 (2009)	$0 (2009)
Passaic County	Yes	$46,527 (1993)	$1,025 (1993)
Salem County	Yes	$18.91/hour (2005)	$550 (2005)
Somerset County	Yes	$81,471 (2009)	$0 (2009)
Sussex County	Yes	$60,131 (2006)	$900(2006)
Union County	Yes	$77,911 (2009)	$800 (2009)
Warren County	Yes	$68,837 (2010)	$775 (2009)

* New officers receive a $1,550 payment to purchase items of clothing, and all officers received a $1,550 payment on January 1, 2006, rolled into their salary in lieu of future payments.

** The uniform allowance has been rolled into officers' base pay.

First, it is noteworthy that, as the FOP has repeated over and over again in this proceeding, Hunterdon County is the only correction unit in the State without a salary step guide. Clearly, this factor favors the FOP's proposal to implement a step guide. Additionally, implementation of a salary step guide will, over the long term, bring Hunterdon

County corrections officers' salaries more in line with those of other correction officer units. As shown above, the average top base salary rate amongst all other correction officer units for which there is annual salary information is $68,358. The FOP notes that this figure represents top base salaries from 1993 to 2010, with an average year of 2007-2008.

Based on these figures, the average maximum salary in a New Jersey county correction unit in 2007-2008 was $68,358. In Hunterdon County, on the other hand, the top base rate proposed by the County is $59,955 in 2009 (the FOP proposed $59,643). Even using the County's figure, the top 2009-proposed rate in Hunterdon County is approximately $8,400 less than the average county correction officer rate from 2007-2008. The unjustified differential is further exacerbated when one reviews the top rates for correction officers in the counties immediately adjacent to Hunterdon County. The average maximum salary in Warren, Somerset, Mercer and Morris counties is $78,799 or $18,843 more than the top 2009 wage proposed by the County in the present matter.

Hunterdon County also lags behind other correction units with regard to uniform allowances. As evidenced from the above chart, the average uniform allowance, based on all other corrections units for which there is information is $719. This, of course, exceeds the current Hunterdon County correction officers' uniform allowance, and the County's proposal to retain the status quo, by $119. The FOP's proposal to increase the uniform allowance in 2011 to $800 is certainly reasonable in light of what correction officers in other county units receive.

Based on the foregoing information, it is clear that Hunterdon County correction officers trail their colleagues in all other county correction units with regard to the establishment of a wage scale, wages themselves, and annual uniform allowances. In order to prevent that gap from broadening further, the FOP urges that its proposal be adopted.

Wages, Salaries and Other Conditions of Employment in Public Employment in General

The percentage wage increases received by police and firefighters in New Jersey through interest arbitration far exceed those proposed by the FOP. (U-13). Through September 1, 2009, the average salary increase attained through an interest arbitration award was 3.86%, and the increase attained through voluntary settlement was 3.68%. The FOP has proposed, essentially, a 0% general wage increase for the term of this agreement. Though, under the FOP's proposal, correction officers will move according to the proposed step guide, thus increasing their take home pay beginning in 2010, the wage structure remains exactly the same as it did prior to the expiration of the January 1, 2006 CBA. The only exception would be for the top rate of the proposed salary scale, for which the FOP has proposed a 1.97% increase in 2009 (retroactive payment of which, as discussed, is waived); a 3.0% increase January 1, 2010; and a 3.0% increase January 1, 2011. Overall, the FOP's monetary proposal is quite reasonable when compared to the wage increases public employees have received, and continue to receive, in interest arbitration across the State. In offering such a modest proposal, the FOP made the difficult decision that its priority was to obtain and implement a salary step guide in order to set the foundation for improving wages of Hunterdon County correction officers in the future.

In contrast, the County's proposal would increase individual salaries, to a large extent, in amounts similar to that which the FOP proposed, which, as discussed, is less than what has been awarded through interest arbitration in the State. The County's proposal, however, does not address the interest of the FOP regarding the implementation of a salary guide. Without the benefit of a salary guide, the County's proposal is meager in comparison with other public employees within the State, particularly when considered in the context of the obligatory 1.5% health care premium contribution and the County's proposed salary withholding scheme.

Accordingly, in comparison with other public employees within the State, the FOP's proposals are exceptionally modest.

Wages, Salaries and Other Conditions of Employment In Private Employment in General

As an initial matter, comparisons of wages paid in the private sector with wages paid to correction officers are of limited value in interest arbitration proceedings. Unlike employees in the private sector, law enforcement officers have obligations both on and off the job. A correction officer operates under a statutorily created public franchise of law enforcement during on-duty hours as well as off-duty hours. These are unique responsibilities not found in the private sector. Additionally, there is no portability of pension in the law enforcement community. Correction officers may not take their skills and market them in other states as one may market one's own personal skills in the private sector. A machinist or and engineer may travel anywhere in the country to relocate and market their skills. This is not possible for a corrections officer. The certification for a correction officer is only valid locally, a barrier not often seen in the private sector.

Arbitrator Carl Kurtzman previously articulated the difficulty of comparing the working conditions of law enforcement officers to the private sector:

> As other arbitrators have noted, it is difficult to compare the working conditions of public sector police officers with the working conditions of private sector employees performing the same or similar services because of the lack of specific private sector occupational categories with whom a meaningful comparison may be made. The standards for recruiting public sector police officers, the requisite physical qualifications for public sector police and their training and the unique responsibilities which require public sector police to be available and competent to protect the public in different emergent circumstances sets public sector police officers apart from private

> sector employees doing somewhat similar work. Accordingly, this comparison merits minimal weight.
> (*Borough of River Edge,* PERC Docket No. IA-97-20, at 30).

Arbitrator William Weinberg reached a similar conclusion in his decision in *Village of Ridgewood,* PERC Docket No. IA-94-141, reasoning that the factor of comparable private employment is:

> . . . troublesome when applied to police. The police function is almost entirely allocated to the public sector whether to the municipality, county, state or to the national armed forces. Some private sector entities may have guards, but they rarely construct a police function. There is a vast difference between guards, private or public, and police. This difference is apparent in standards for recruiting, physical qualifications, training, and in their responsibilities. The difficulties in attempting to construct direct comparisons with the private sector may be seen in the testimony of the Employer's expert witness who used job evaluation techniques to identify engineers and computer programmers as occupations most closely resembling the police. They may be close in some general characteristics and in "Hay Associates points", but in broad daylight they do seem quite different to most observers.
>
> The weight given to the standard for comparable private employment is slight, primarily because of the lack of specific and obvious occupational categories that would enable comparison to be made without forcing the data.
> (*Id.* at pp. 29-31).

Notwithstanding the limited relevance of wage comparisons in the private sector, the most recent data shows that New Jersey both saw a 2.5% increase in average annual wages from 2007 to 2008, while Hunterdon County experienced a negative 1.6% change in average annual wages. (U14). For the reasons discussed above, in addition to the fact that the data references years not pertinent to this arbitration (*i.e.*, 2007 and 2008, whereas this arbitration addresses 2009 and beyond), this factor should be afforded little, if any, weight.

Overall Compensation

According to the County, the total compensation received by the highest paid Hunterdon County correction officer in 2009 is $72,200, including salary, holidays, overtime, shift differential, vacation and sick leave incentive. The FOP notes that of the amount included in total compensation which exceeds base wages ($26,232), $21,448, or 82%, came from overtime, which is a direct result of the turnover rate for correction officers, and the County's inability or unwillingness to fill vacant positions. It is also attributable to the fact that the officer with the highest total compensation serves on the Emergency Response Teams, which affords the officer more overtime opportunities (Certification of George Wagner, County Exhibit Binder, Tab 14 and Tab 15).

Referring back to U-15 and the comparison chart, it is clear that the total compensation received by the highest paid Hunterdon County correction officer in 2009 of $72,200, is level with the base salary rates (excluding longevity, uniform allowance and holiday pay, etc.) which on average is $68,358, for the other county correction units in the State. This is, of course, because Hunterdon County correction officers' salaries are so meager, and will remain so without a salary guide. This gap will only widen over time if the County's proposal is accepted, while it would at least remain competitive under the FOP's offer. Consequently, this factor, too, favors acceptance of the FOP's proposal.

Stipulations of the Parties

The FOP requests that the Arbitrator include the tentative agreements reached by the parties on February 18, 2010. It is further requested that the Arbitrator accept the parties' identical proposals for a three-year contract term as a stipulation, and adopt same in his Award.

The Lawful Authority of the Employer

Pursuant to N.J.S.A. 34:13A-16(g)(5), the Arbitrator must consider the lawful spending limitations (if any) imposed upon the employer by P.L. 1976 C.68, known as the CAP law. This criterion is not at issue in this case.

As discussed in the expert report submitted by Joseph R. Petrucelli, CPA, FCPA, CVA, CFF ("Petrucelli") in support of the FOP's position in this matter, the County has an additional $2,035,296 of the tax levy cap available, but has decided not to utilize same (Petrucelli Report, Page 2). Moreover, the County established a 2010 CAP bank balance of $1,499,100. Both of these findings reveal that the County is in no way restricted by CAP limitations in paying for an Award in the FOP's favor, particularly considering the small dollar difference between the FOP's proposals and those of the County.

It is also noteworthy that the County has not claimed, to date, that it is restricted by CAP limitations in paying for any Award. While the County does take issue with some of the calculations from Petrucelli's expert report, the distinctions asserted do not change the fact that the County is not constrained by CAP limitations. Indeed, in disputing the figures in Petrucelli's report, the County admits that it has available a CAP bank balance of at least "$749,550 remaining from 2010, which can be used in 2011 or 2012 if needed," (June 7, 2010 Certification of Kimberly Browne and Margaret Pasqua, at 3).

Notwithstanding the County's political decisions to either not utilize its available CAP or not spend funds contained in its CAP bank, the County certainly is not facing any CAP limitations with regard to this interest arbitration proceeding. Accordingly, the Arbitrator is not restricted from awarding the FOP's proposals in its entirety, and is urged to do so.

The Financial Impact on the Governing Unit, its Residents and Taxpayers

While the County has repeatedly indicated that it, like all other counties throughout New Jersey and the nation, is facing difficult financial times, it has always fallen short of stating that it cannot afford the FOP's proposals. The reason is, quite simply, that Hunterdon County is flush with money. In addition, because the difference between the proposals is a mere $28,796, there cannot, legitimately, be any argument that the County lacks the funds to cover the difference.

Hunterdon County has consistently been identified as one of America's richest counties. In 2008, Hunterdon County ranked fourth in the nation for average income amongst its residents (U-6). On March 4, 2010, Forbes Magazine listed Hunterdon County as one of the top 25 richest counties in the nation (U-5). These anecdotal benchmarks evidencing the County's robust economic health are supported by the actual financial records and reports for Hunterdon County. Using the information reflected in the various financial records for Hunterdon County the FOP submitted the expert financial report of Joseph R. Petrucelli, CPA, FCPA, CVA, CFF. (U-16 through U-30).

The report reveals that the County has been able to generate budget surplus balances since 2005. In 2008, the budget surplus balance was $33,953,504, of which the County utilized just $13,000,000 as revenue in the 2009 budget. The remaining surplus available for future budgets was $20,953,505. In 2009, the budget surplus balance was $29,254,869 or which the County utilized only $12,000,000 as revenue in the 2010 budget. The remaining, unspent budget surplus is currently $17,254,860. Leaving aside the propriety of the County's budget surplus allocations ($13 million and $12 million in 2008 and 2009, respectively) the remaining budget surplus of $17,254,860 reflects almost 60,000%, or six hundred times, the difference in cost between the FOP's proposal (*i.e.*, $22,796 for wages/wage scale and $6,000 for uniform allowances) and the County's.

The County has consistently experienced more revenues than it had budgeted. More specifically, the County had additional revenue in the amount of $780,435 that it could have recognized to reduce taxes or fund additional appropriations or salary increases in 2009. In 2010, the County had additional revenue in the amount of $670,240 that it could have recognized to reduce taxes or fund additional appropriations or salary increases. Moreover, based on the unaudited 2009 Annual Financial Statement of the County, it had excess operating results of $8,301,354. Finally, the County realized miscellaneous revenues not anticipated of $2,598,762 in 2009 and $2,394,747 in 2008.

The County's strong financial health is further supported by the fact that its equalization average over the three years in the 2008 annual debt statement was $24,335,774 and it maintains a net debt or equalization ratio value of 0.47%. The County is permitted to incur debt that is 2% of the average equalization value. Accordingly, the County has $371,191,860 of available borrowing power, reflecting a very low debt ratio in comparison to allowable statutory limits.

To be clear, the FOP does not seek to have all the County's available funds paid out to corrections officers. On the other hand, the modest sum of $28,796 that the FOP seeks in excess of the County's proposals is certainly affordable. Overall, it is clear that the County is in excellent financial condition, and even in these difficult economic times, any costs associated with the FOP proposals would not have any negative impact on the County's budget, tax rate or services.

Cost of the FOP Proposals

The FOP's proposals will impose minimal additional costs on the County. These costs, however, are modest, particularly when viewed in the context of the wage reductions of 1.5% in mandatory health care premium contributions and the two-week withholding scheme proposed by the County. Moreover, the costs of the FOP's proposal exceed the County's proposal by a mere $28,796. Accordingly, as discussed above, the FOP's proposals are certainly affordable for the County.

The FOP's wage proposal, which maintains the general wage rate at or near 2008 levels, would result in the following cost increases for each year of the proposed agreement due to proposed step increases:

	2009	2010	2011
Total Cost	$1,137,019*	$1,222,216	$1,310,144
Change from Previous Year	$0	$85,197	$87,928

The County's proposal would cost as follows:

	2009	2010	2011
Total Cost	$1,195,087	$1,249,569	$1,287,348
Change from Previous Year	$58,068	$54,482	$37,779

The FOP's proposal saves the County $58,068 in 2009, and costs the County $30,715 more than it proposed in 2010, and $50,149 in 2011. Overall, therefore, the FOP's proposal exceeds the cost of the County's proposal by only $22,796 over the term of the agreement. This difference represents less than 2% of what the County paid in correction officers' salaries in the last year of the 2006 CBA (including Campbell, who resigned in November 2009).

In addition to the above, the FOP proposed a $200 increase in the Uniform Maintenance Allowance (from $600 per year to $800 per year) beginning January 1, 2011. Considering that there are thirty correction officers currently in the unit, the cost of this proposal translates to $6,000, payable in the 2011 contract year only.

Remarkably, the total difference in the cost of the parties' respective proposals is $28,796. Further, this does not take into consideration the approximate savings of $18,743 in 2010 and $19,310 in 2011 which, under its own proposal, the County would experience in mandatory employee contributions toward healthcare. Further, the $28,796 difference in costs of the respective proposals does not take into consideration the two-week withholding scheme that the County has proposed.

The FOP maintains that its proposals result in little, if any, impact on the County's finances.

The Cost of Living

The Consumer Price Index ("CPI") U.S. city average for 2009 (12-Month Percent change) was -.04% in 2009, but thus far in 2010, the average is 2.33% (Employer Exhibit Binder, Tab 28). Leaving aside any arguments regarding the reliability of the CPI as a measure, particularly at the present time where the historically low index is caused mainly by lower housing costs masking the increases in other day-to-day items like gasoline, the FOP's proposals are consistent with the CPI. More specifically, the FOP's proposals cost the County nothing in 2009, and then would increase only to the extent that correction officers receive step increases, not general wages increases. The County's proposal, as it is the financial equivalent of the FOP's, more or less, also is consistent with the CPI, flawed as that figure may be. By refusing to agree to the implementation of a salary step guide, however, the County has prevented general wages for the unit as a whole to move in conjunction with the CPI historically, and will continue to lag behind the CPI in the future. Over time, where current correction officers retire/resign and new correction officers are hired, the general wages of the entire unit remains the same as it has for years.

Consequently, the County's proposal has caused, and will continue to cause, the unit of corrections officers' wages to decline in terms of purchasing power by keeping overall wages stagnant. Application of this factor, therefore, clearly favors the adoption of the FOP's proposal.

The Continuity and Stability of Employment

In large part, this factor has been addressed in the FOP's earlier discussions. The point cannot, however, be overstated. The Hunterdon County corrections unit has seen an unbelievably high level of turnover in the last decade. Approximately one hundred corrections officers have come and gone in the corrections unit in the last ten years. This is due, in large part, to the low wages paid by the County for these positions, as well as the lack of a salary guide, which offers corrections officers no prospect of wage increases over time and further exacerbates, over time, the discrepancy between Hunterdon County and other county corrections positions. In addition, the County's philosophy of penalizing officers with longevity has had a significantly negative effect on continuity and stability within the unit.

For all of the aforementioned reasons, the FOP asks that I award its proposals in this matter.

COUNTY POSITION

New Jersey, as well as the nation, is facing extreme economic difficulties. The County of Hunterdon faces those same difficulties. The County will address all of the criteria set forth in the statute. However, it is respectfully suggested that the present economic circumstances make the primary consideration which must influence the Award, N.J.S.A. 34:13A-16(1): "(1) the interest and welfare of the public," and the need to avoid increasing the public's tax burden in the middle of the most significant recession since the Great Depression.

There is a need for government to re-establish a firm economic base which will lead toward economic recovery. Continued increased taxation when joblessness has reached almost 10% and the State government is calling for limitations on taxation and employee benefits and wage rate increases, is imprudent and not warranted. The Hunterdon County Freeholders have reduced spending and set a budget which reflects no real estate tax increases.

It is respectfully suggested that the arbitrator must give due deference to the policy decisions made by the elected officials, in this case the Freeholders, as to how to govern their community and the ability of their populations to sustain increased taxes.

In Hunterdon County, the Freeholders have determined that they can efficiently run the Jail, an essential component of public services, by paying the employees reasonable increases reflective of the economic circumstances. The County's Final Offer proposes pay increases for higher paid officers comparable to raises given to other bargaining units in the County, in particular, the CWA which represents the bulk of County employees. The County offer proposes significantly higher increases for Officers earning less than $40,500.

The Freeholders could only accomplish this, by making substantial reductions in expenditures in other areas of the Budget. Services were eliminated or reduced. These were difficult decisions for the Freeholders to make. They have not asked the Correction Officers to freeze their wages, but instead asked them to acknowledge the economic crisis by accepting a 2.5% raise per year for each of three years (for Officers making more than $40,500), with lower paid Officers receiving a significantly higher raise. The Freeholders made this offer as a sign of their commitment to their employees. However, to increase the package above that amount is not fair or equitable, nor in the best interest of the public whom the Freeholders serve.

In addition, the FOP proposes that the Arbitrator award the implementation of a salary guide system. The testimony and the exhibits furnished by the County reflect that salary guides were voluntarily negotiated out of the Correction Officers' CBA a number of years ago. That was the case with other bargaining units within the County as well.

Salary guides lock the employer into pay increases every year, well beyond the end of an expiring CBA. As experience has taught other public employers that presently have salary guides, it is not prudent or always possible to predict the employer's ability to pay into the future. Communities with salary guides are now forced to lay off employees in order to fund guaranteed annual salary increases which are part of guides. Employees should not be guaranteed wage increases beyond the end of an existing contract, without negotiating those increases in light of then prevailing economic conditions.

The Arbitrator should not alter a long-standing pattern in Hunterdon County of no salary guides, which is a system that has worked well with all bargaining units, and which has been freely and deliberately negotiated. It is not as if Hunterdon never had salary guides and an effort was now being made to introduce the concept for the first time. The testimony and Certifications clearly indicate that not only the Correction Officers, but all other Unions in the County agreed to eliminate salary guides years ago. This occurred during a period of time when the County was not able to sustain wage increases beyond the increments included in the contracts. As a result, negotiations became tedious, frustrating and acrimonious since employees felt they were not "receiving anything," if the offer was to pay only the increment. All of the Unions acknowledged this practical difficulty in negotiations and understood that it is impossible to predict with certainty the County's ability to pay in the future.

Salary increases for employees should be negotiated for future CBAs without the County being locked in to fund a certain percentage increase, irrespective of the economic conditions.

The Bargaining Unit

Hunterdon County operates a Jail where most prisoners are lodged initially upon arrest while pending trial, or when sentenced to a term of less than 364 days. Prisoners are also held there pending their removal to a State facility when they have been sentenced to a longer term. A portion of the population is prisoners sentenced for the weekend, as a result of offenses where incarceration has been ordered, but the Court agrees that the individual should be permitted to continue to work. The present population of the Jail is 117. The present staffing at the Jail includes a Warden (position temporarily vacant), 4 Sergeants, 30 Correction Officers (individuals covered by this bargaining unit), and 2 Civilian employees, for a total of 37 employees.

Unit members work 12-hour shifts. They are scheduled to work three days on and three days off. Each employee receives in addition to their regular base salary, 200 hours of holiday differential compensation, which is "calculated on an hourly basis as a component of salary and [is] included in the employee's regular pay checks by dividing the annual amount due by the number of pays for the year." (J-1 at 8). Holiday compensation equaled $110,615 in 2009. The impact of these payments on annual earnings of the Correction Officers is reflected in C-38.

Each employee has the opportunity for overtime. A list of the present employees and their total compensation received for the year 2009 (which reflects pay based upon the expired CBA, is in Attachment 2. In 2009, overtime equaled $167,665.

In the 2006-2009 CBA, Officers receiving less than $40,500 per year received significant pay increases every six months, in a pattern of "splits." This pattern was designed to bring them up to a salary of $40,500. (J-1 at 44).

The percentage increases for each of those periods were:

Salary	**Movement**	**% of Increase**
$38,900	$40,500	4.11%
$37,500	$38,900	3.73%
$33,648	$37,500	11.45%
$31,600	$33,648	6.48%

These increases are generally in excess of the "going rate" for salary settlements for public employees currently in New Jersey. However, as part of its proposal, the Freeholders have maintained that pattern in its Final Offer.

The County

Hunterdon County is in rural central New Jersey, adjacent to the Delaware River. It has an estimated population of 129,031. It provides the standard governmental operations which are the statutory responsibilities of the County. It has 623 employees. It negotiates contracts with six bargaining units. The County's 2010 Budget is $94,148,057.29 (C-35). C-33 shows that the County's spending has been reduced dramatically.

2007 Budget	$99,438,654
2008 Budget	$96,942,564
2009 Budget	$96,810,910
2010 Budget	$94,148,057

These spending reductions were compelled by a number of factors:

(a) The rateable base for the County decreased significantly because of the recession from $25,547,162,906 in 2007, to $23,910,185,571 in 2010.

(b) The County's surplus decreased dramatically from $40,550,034.73 in 2007, to $29,254,860.10 in 2010.

(c) Dramatically escalating costs over which the County had no control at a time of dramatically decreasing revenues, as described in the Certification of County Finance Director, Kimberley Browne, and Treasurer, Margaret Pasqua. (See paragraphs 8 and 9 of C-1).

Financial Crisis

The Nation and the State of New Jersey are both facing a universally acknowledged financial crisis. Many commentators and economic experts have referred to it as the worst crisis the Nation has faced since the "Great Depression." Hunterdon County and its taxpayers are experiencing the effects of that crisis as well.

The national unemployment rate continues to hover around 10%, the highest rate in a number of years. New Jersey's rate hovers around the same percentage. This national unemployment trend continues without any projected date when joblessness will begin to decrease. Hunterdon's residents are affected as well. Unemployment destroys citizens' ability to pay taxes. When there is an increasing demand for the "safety net" services that government needs to provide. (See memo to Cynthia J. Yard, County Administrator, from Pamela Pontrelli, Director of Human Services, dated 2/12/10, C-10).

While newspaper articles and some statistics tout Hunterdon as one of the wealthiest counties in the Nation, those assertions do not presently apply. Many of Hunterdon County's residents, who earned those wages, are the same individuals who have lost their jobs in the financial and insurance sectors and pharmaceutical industries in New Jersey. This economic recession spares no segment of society, including Hunterdon County and its residents.

Even before the recession, Hunterdon County residents were living in one of the most highly taxed counties in the country. (C-9). Now when the economy has come to a halt and, in fact, is retracting, Hunterdon County has dramatically lost tax ratables which negatively affect the County's available tax resources (County tax ratables in 2007 were \$25,547,162,906, and are now \$23,910,185,571, a decrease of 6.53%), resulting in a decrease in tax revenues of more than \$2,000,000. (C-33).

The County Freeholders have made every effort to reduce spending to avoid raising taxes. As described above, the County has decreased spending each year from 2007 to 2010, for a total reduction of \$5,290,588.

The County Finance Director, Kimberley Browne, and County Treasurer, Margaret Pasqua, in their Certification dated April 22, 2010, set forth the internal factors exerting financial pressure on the County. (C-1).

As they set forth in paragraph 3, on page 2 of their Certification:

> "3. The County finds itself faced with the following difficulties:
>
> Escalating costs, including significant escalation in costs over which the County has no control, such as utilities, insurance, pension and healthcare.
>
> A decrease in revenues from most sources, including fees which are paid for services, such as recording, reimbursements from the State of New Jersey, etc.

> A decrease in the tax ratable base which serves as the foundation for the County's ability to raise money to fund governmental services.
>
> County residents and taxpayers who have had significant setbacks/impacts in their lives affecting their ability to contribute toward County services.
>
> One or more of these factors would be difficult enough to deal with, but their combination, together with the economic recession which the State and the Nation are experiencing, make the financial administration of County government difficult."

Some of the costs which increased dramatically are set forth in paragraph 8, on page 4 of their Certification.

(a) Pension contributions increased $592,000 from 2008 to 2009. They increased an additional $331,102 from 2009 to 2010.

(b) Group insurance increased $888,000 from 2008 to 2009, and an additional $450,000 from 2009 to 2010.

(c) The cost of maintaining patients in psychiatric facilities increased from $220,169 in 2008, to $531,295 in 2010, an increase of $311,126.

(d) Natural gas costs increased by $100,000, from 2008 to 2010.

(e) Worker's Compensation costs increased $90,000 between 2008 and 2010.

Revenues from sources other than real estate taxes decreased approximately $5,600,000 from 2008 to 2010. (C-1 at paragraph 9). These are the same difficult realities which the State of New Jersey is facing. In C-19, the State of New Jersey Budget message of March 19, 2010, Governor Christie stated:

> "Today, New Jersey faces perhaps the most challenging budget in our history. The effects of a structural budget deficit and the ongoing national recession have deteriorated our fiscal outlook and produced a $10.7 billion deficit -- over one-third of our projected revenues. Our state continues to grapple with an unemployment rate of nearly 10%, the highest tax burden in the country, and the worst climate for business development in America."

Governor Christie noted that in February 2010, he signed an Executive Order 14, declaring a state of fiscal emergency. In the message itself, on page 16, the State noted that it has the highest tax burden in the Country, which "forced jobs and people away." The message is replete with examples of the recession and dire warnings about governmental spending. This message has been reinforced by the Division of Local Government Services. Its Local Finance Notice of March 2010 is just one of a number of internal directives and warnings which have been circulating. (C-27). As early as October 21, 2008, the Star Ledger reported that the: "State faces nightmare in 2009, finance experts say." (C-29).

Taxpayers were ahead of many governmental officials in understanding that there was something basically wrong. New Jersey voters elected Governor Chris Christie who, in pursuit of resolving the problem, has been wielding not only an ax, but a Billy club to change existing practices. Statutory changes have been made to public employees' benefits and pension programs, including a requirement that all employees must contribute at a minimum of 1.5% of salary toward health care costs. Governor Chris Christie only today (7/13/10) will be signing a law putting in place a new 2% cap on municipal tax increases. (Proposed Exhibit C-41).

This cap will force local public officials, including the Freeholders, to make difficult decisions about cutting services and programs. This cap should also result in public employees understanding that they need to moderate pay increase requests and the level of benefits, so that the cap can be complied with. By coincidence, the County's Final Offer to the FOP proposes a minimum 2.5% increase for each employee in each of the years. Officers earning less than $40,500 will receive well in excess of that. The cap legislation is an element which should weigh in favor of the County's proposal. Governor Christie continues to explore ways to limit increases that public employees can obtain in their pay. In a June 11, 2010-letter to elected officials, he set forth a "Toolkit of Reforms," to be implemented, one of which is to place a 2.5% cap on employee pay increases. (Proposed Exhibit C-40).

The Hunterdon County Freeholders has engaged in comparable efforts at the County level to reduce costs and spending. In a resolution dated April 14, 2009, the Freeholders acknowledged the crisis and imposed a hiring and promotion freeze. (C-17). Sixty-five positions have gone unfilled since 1/1/08. (C-12).

In the 2009 Budget, all Department Heads were directed to submit budgets proposing a reduction of at least 10% in operating costs. In 2010, they were given a directive to submit budgets with an additional 5% reduction. (C-1 at paragraph 14). In her Certification dated April 22, 2010, Administrator Yard outlined the steps which the Freeholders took, including directives limiting trips, conferences and training, spending for meals, for bottled water, for publications. (C-16).

Even with these efforts, it was necessary to find an additional $2.66 million reduction in spending in the 2010 Budget, in order to avoid a tax increase (C-1 at Paragraph 15). The Freeholders determined that a reduction of $1,000,000 should be made in salaries and wage costs. (See paragraph 16 and 17 of the Finance Department Certification)

COMPARISON OF PROPOSALS

FOP's Final Offer

The FOP proposes a three-year contract. The County agrees. In that three-year contract, the FOP proposes the establishment of a ten-step salary guide. Under that guide, employees would progress to the next step on the guide, based upon a year's experience, without the need for any collective negotiations. Unlike the typical proposal in connection with a salary guide for a three-year contract, the steps on the Union proposal, except for Step 10, remain the same for each of the three years of the contract. In most proposals, the steps on the guide increase each year. This results in an employee receiving not only the increment, but a salary adjustment on top of the increment each year. The Union undoubtedly proposed this in order to entice the Arbitrator into imposing a salary guide on the County. However, it is typical in labor relations and it is reasonable to expect in future years, that employees will propose and not be satisfied, unless each year each step on the salary guide is adjusted upward. Thus, employees receive an increase both by their movement laterally and by the fact that their movement to the next vertical year results in an increase.

The County has calculated the proposed percentage increases that employees would receive under each year of the Union's proposed salary guide. They are reflected in the attached chart. Since there are no changes in Step 1 - 9 in years 2010 and 2011, only Step 10 is shown:

Step	2009	2010	2011
10		3.00%	3.00%
9	10.45%		
8	5.76%		
7	8.37%		
6	8.89%		
5	6.84%		
4	4.11%		
3	3.73%		
2	11.45%		
1	6.48%		

Each of these salary increases results in percentage increases well in excess of the present typical "going" rate for public employees' settlements, and certainly in excess of what the Governor is calling for, and public officials expect that they can afford. The total additional salary cost to the County of the Union's proposal for each of the three years is as follows:

2009	2010	2011	Total
$6,900	$80,345	$91,780	$179,025

In addition, the Union seeks an increase in the clothing allowance of $200, effective January of 2011, which will cost $6,200 (31 Officers x $200).

County's Final Offer

The County's final offer is as follows:

1. The County proposes a three-year agreement covering the period January 2009 to December of 2011.

2. In regard to wages, the County proposes wages be established in a manner typical of collective negotiations between the parties going back 15 years or longer. Employees would receive a negotiated wage increase for each year of the contract. Generally, the County's proposal is that all employees who are earning $40,500 or more would receive a 2.5% salary increase in each of the three years. In the year 2009, ten employees are in that category. Those 10 employees could receive the same 2.5% increase for 2010 and 2011. Two more employees will join that category in the year 2010 and receive a 2.5% increase for 2010 and 2011. An additional six employees reached that category in the year 2011 and, therefore, will receive a 2.5% wage increase in 2011.

For all other employees, those earning less than $40,500, the County proposes to continue the pattern of salary progression for employees earning under that amount, which was developed and implemented in the last freely collectively negotiated agreement between the parties. (J-1, Attachment 4, Salary Schedule A). Although this provides significant percentage increases each year for each employee in that category, the County felt that such a proposal was fair in view of the objectives which the County was attempting to attain in the last CBA.

Therefore, for the employees who were employed as of the date of the initial arbitration hearing, their three-year increase in base salary and their average annual increase under the County's proposal are as follows:

Officer	**Three Year % Increase**	**Average Annual Percent Increase**
Rivera	7.69%	2.56%
Bishop	7.69%	2.56%
Walker	7.69%	2.56%
Beasley	7.69%	2.56%
Niko	7.69%	2.56%
Roll	7.69%	2.56%
Haring	7.69%	2.56%
Marriott	7.69%	2.56%
Yard	7.69%	2.56%
Yashkas	7.69%	2.56%
Edge	9.38%	3.13%
Hufford	9.38%	3.13%
Kollmar	10.70%	3.57%
Malone	10.70%	3.57%
Pawlick	10.70%	3.57%
Slaughter	10.70%	3.57%
Thorsen	10.70%	3.57%
Walck	10.70%	3.57%
Belcastro	20.36%	6.79%
Garrabrant	20.36%	6.79%
Good	20.36%	6.79%
Green	20.36%	6.79%
Quinn	20.36%	6.79%
Winfield	20.36%	6.79%
Campbell	23.10%	7.70%

Dodd	23.10%	7.70%
Foran	23.10%	7.70%
Kalbis	23.10%	7.70%
Penyak	23.10%	7.70%
Phillips	23.10%	7.70%
Zilliox	23.10%	7.70%

3. The County proposes that the Correction Officers become a part of the new pay system which was implemented for CWA employees and all unclassified employees on 1/1/10. Under that new pay system:

> "Commencing with the first pay day in 2011, the pay day shall be moved forward one business day and thereafter be moved forward one additional business day every second pay period, until the pay day has moved forward two weeks (10 work days) at which time two weeks pay (10 pay days) has been held back and remains that way thereafter."

A comprehensive description of the terms for the implementation of the pay system is contained on page 2 of the County's Final Offer. (J-5). This pay system is the same system which has already been implemented for all CWA employees (Rank and File as well as Supervisors), and all unclassified employees in the County. This pay system was negotiated with the CWA as a part of a comprehensive proposal to avoid the implementation of 12 furlough days throughout the County.

This new pay system will result in each officer receiving only 25 pay checks in 2011, rather than 26 which they normally would receive. However, the new system does not result in a permanent loss of pay to the employee. Correction Officers are currently paid up to the date when they receive a pay check. Once an employee is fully integrated into the new system, when an employee receives their pay check, it will be for the pay period ending two weeks prior. When an employee leaves the County employ, they would receive an additional pay check two weeks after their termination, so that there would be no loss in pay. It is important to the County that all employees are integrated into this system. Only members of the law enforcement units, who are either in arbitration or have contracts that have not expired, are not a part of the pay system. There is an expense to the County in operating two pay systems. In addition, the implementation of this pay system in 2011 would effectively result in the County having a cash outlay of 3.85% less in the final year of the agreement.

The savings to the County in cash outlay in implementing this system in 2011, would be $51,884.29 (.0385 x $1,347,644).

The annual and total cost for the County's proposal is:

	2009	2010	2011	Total Cost
	$60,116	$58,334	$39,179	$157,629
Less Payroll System Savings			-51,884.29	-51,884.29
Savings:				

A Comparison of the County and FOP Proposals

I. Imposition of a Salary Guide.

A critical difference between the FOP proposal and the County proposal is the introduction of the concept of increments, a salary guide. The FOP proposes that an increment system be imposed rather than negotiated within Hunterdon County.

1. Increment systems, having once existed in the County and having been freely bargained out of every Collective Bargaining Agreement by employee representatives, including this one, should not be reimposed involuntarily by the Arbitrator, especially in view of the uncertainty of future budgets and costs.

2. In the increment system as proposed by the FOP, proposed average increases for employees of $3,115 on average per year (7.34%) are guaranteed in perpetuity. Thereafter, employees will expect to negotiate salary increases on top of the annual increments. For an Arbitrator to award the implementation of such a system in this economic environment is not appropriate, especially when the trend in New Jersey government is to flatten out the raises and salary increases awarded to public employees, at least until such period of time when the economic situation changes.

II. The Group Which Benefits

A second key difference between the County's proposal and the Union's proposal is which group of employees are favored by the unit. Under the Union's proposal, employees who are currently making more than $40,500 receive the greater economic benefit. They receive the most substantial raises during each of the three years. Attachment 6 is a chart that displays the difference between the County's and the Union's proposal as it affects higher and lower paid employees.

Under the FOP's proposal lower paid employees do not receive a salary increase the first year. While at first blush, one might think a partial wage freeze in year one would be attractive to the County, a wage freeze in year one does not appeal to the County when it is not done uniformly and is proposed solely for the purposes of favoring higher paid employees at the expense of lower paid employees. The County would support a wage freeze for everyone, but not a wage freeze in order to adjust the pay of long-term employees only.

Public Safety Director, George Wagner testified at the hearing about the policy which the County tries to maintain when negotiating, of providing that salaries for certain positions will level off after an employee had a considerable period of time in the position. Then employees are expected to make efforts to apply for promotions, rather than to continually receive annual increases comparable to those paid to employees with less experience. At some point, additional experience based upon years of service is of marginal additional value for one holding a Correction Officer's job. That experience is of significant value, however, if that same person serves as a Sergeant or Lieutenant with supervisory responsibilities including oversight and training of younger officers. In this case, Public Safety Director Wagner testified that he would like to limit the top salary to approximately $50,000 for Correction Department line officers. Under the County's proposal, there will be two people who will earn over that number. The Union proposes to implement a concept imposing the exact opposite of the County's objective. Under the Union's proposal, six Officers will be earning more than $50,000 in 2011, with another four approaching that level in 2012. Under the County's proposal, one Officer, David Bishop, after having received a uniform increase of 2.5%, would be paid $53,748 in 2011. Under the Union's proposal, Officer Bishop would be earning $10,000 more and be at $63,275 in 2011. There is no basis for that $10,000 adjustment in contravention of the County's objective. The compensation of higher paid employees is being accelerated for no particular reason reflected in the Union's testimony or Union exhibits. There has been no presentation about why favoring higher paid employees is important or should be accomplished at the expense of lower paid employees at this time.

A REVIEW OF THE STATUTORY CRITERIA

The statute, N.J.S.A 34:13A-16 requires the arbitrator to consider a number of factors in making his award. In the following subsections, the County will address the extent to which its proposal is supported by the criteria.

Interests and Welfare of the Public

It is said that the "interest and welfare of the public" require an arbitrator to balance many considerations. One of the considerations is the employer's statutory duty to provide an appropriate level of governmental services in a cost-effective way, taking into account the impact of the costs on the tax rate. It has also been said that a factor is maintaining "fairness to employees", in regard to morale and working conditions in order to promote productivity, efficiency, and the "absence of labor unrest." The present economy creates unusual circumstances. It may not be possible to serve both ends of the scale -- to create an equitable equipoise -- that serves both interests.

The morale and spirit of the public in general has been negatively affected in a significant way by the overall general economic climate. Taxpayer groups like the "Tea Party" proliferate throughout the nation. Incumbents lost their bids for re-nomination or election in recent voting. The governors of the States of New Jersey and New York are engaged in significant arguments with their legislatures, employee groups, and various public groups with their own agenda, to find ways to cut costs, particularly salaries and wages, and benefits. Governor Christie proposes that teachers freeze their wages to avoid layoffs. When the NJEA resisted, voters rejected school budgets in significant numbers. (C-32). In Hunterdon County the majority of school budgets were rejected in this year's elections. (C-31).

Private industry lays off people in record numbers resulting in an unemployment rate which has hovered around 10% for months. (C-20-25). State government imposes furloughs, reduces force, does not refill vacant positions, and cuts back on, or eliminates, promotions.

In Hunterdon County, the Freeholders imposed a hiring freeze and does not fill vacant positions. Approximately 65 jobs have been eliminated since 2008. The Freeholders do not make any promotions. They considered furloughing employees for 12 days per year. (C-17). After meeting with the CWA, a means to avoid furloughs was developed when the largest employer representative agreed to a three-year settlement with a 1.5% increase in base for the year 2009, which is not paid to the employees (no 2009 cost to the County), a 1.5% increase in 2010, a 2% increase on 1/1/11 and a 2.5% increase on 7/1/11. (An average 2.5% increase for each of three years). However, the 2010 increase is accompanied by an agreement (proposed by the Union to avoid furloughs) where the employees (both in the supervisory and rank and file units) entered a new pay system in 2010. Under that new pay system, employees receive only 25 paychecks in 2010, instead of 26. The additional paycheck is deferred until an employee retires or leaves, the County. This reduces the County's payroll costs in 2010 by 3.85% for these employees. (C-7, C-8). As a result, the 7.5% cost over three years is cut by more than half to a 3.65% cost for the employer over the three years. (An average of 1.22% per year). This agreement was reached after CWA State officials had the opportunity to examine the County's finances. (C-13). They come to the conclusion that the furlough proposal is not an idle threat. In fact, it is not a threat at all -- but a simple statement of the reality that the Freeholders were facing in this economic climate. In a sense, the bulk of the County employees acknowledged by the settlement, that at this period in time they were fortunate to have a stable position, fortunate to not be laid off or furloughed or have their hours reduced. In a sense, they acknowledged the value of a stable position in public employment in Hunterdon County, accompanied by an exceptional health care plan, life insurance, and a defined benefit pension.

It is acknowledged that this employment reality meant a flattening out of pay rate increases (or in 2009, elimination of them all together). This reality was accepted by hard working and dedicated employees. There is no suggestion that their pay is not earned, nor that public employees in Hunterdon County are not entitled to the compensation they receive. The County did not look for "give backs" or other concessions. It asked simply that wage increases be flattened out until the fiscal crisis passed. The members of the CWA acknowledged that request, and the reality. They voluntarily agreed to the settlement. It is acknowledged that they would have preferred that things would have been different, that their salaries would have been increased more dramatically, that they would have had more disposable income for their families in these hard times, but reality dictated otherwise. There has not been any perceptible decrease in morale as a result. Reality is a strong motivator in and of itself.

What is going on in the real economic world should play a critical role in the Arbitrator's Award. It is respectfully suggested that most of the economic factors weigh in favor of the County's proposal. But one should not look solely at statistics or numbers to determine what is logical, makes common sense, and is in the public's interest at this time. Public employees are not being asked to surrender their right to increases in compensation forever. The Arbitrator is not being asked to make that ruling. The Arbitrator is only asked to temper increases for now, flatten them out, assist the taxpaying public. It is in the primary interest and welfare of the public that such moderation occurs at this time. It overrides even other perceived imperatives.

This criterion (a) requires the Arbitrator to consider N.J.S.A. 40A:4-45.1. That statute, in its policy statement, indicates:

> **40A:4-45.1. Legislative policy**
>
> "It is hereby declared to be the policy of the Legislature that the spiraling cost of local government must be controlled to protect the homeowners of the State and enable them to maintain their homesteads.
>
> At the same time the Legislature recognizes that local government cannot be constrained to the point that it is impossible to provide necessary services to its residents."

The legislative policy emphasizes the fact that "spiraling costs" must be controlled. This can only be done if salary awards to public employees are set at realistic levels given the economic climate.

Hunterdon Correction officers have lived from January 2009 through July 2010, without a salary increase. They have not left County employment in droves. There are virtually no jobs to look for or accept elsewhere. This does not mean that the County considers its employees as captives or hostages to this situation. However, each employee is a part of the economic world in which we all live. The economic proposal of the County is fair at a time of 10% unemployment, layoffs, and furloughs.

The County notes that its proposal is that lower paid employees receive more than CWA employees on average (the County's proposal is 12.93% for the Correction Officers over three years, the CWA's was 7.5%. The County proposes this precisely because of the "morale" issue. The County attempted in its proposal to continue to replicate a pattern of wage progression which developed in the previous contract. The County had no legal obligation, nor was it compelled by the CBA to do so. Those employees being paid in excess of $40,500, however, were asked to accept a settlement comparable to the settlement which the CWA received.

The County also spread the 7.5% three-year wage base increase equally over three years, by proposing wage increases of 2.5% each year. Significantly as well, the County agreed to pay the 2009 increases retroactively for Correction Officers. CWA employees did not receive that.

It is respectfully suggested that the FOP's proposal will negatively affect overall employee morale. While the County attempted to address the expectations of employees with less experience, based upon the pay rates under the expired contract, the Union's proposal does the exact opposite. The Union proposes that lower paid employees be denied any salary adjustments in the first year of the agreement. In the second and third year, it is still the more highly paid employees who receive additional benefits.

In addition, the award of the FOP's proposal imposing a salary guide would have a drastically negative impact on labor relations throughout the County, and the impact on the morale of other employee units. As the testimony and Certifications reflect (Exhibit C-11; plus testimony of George Wagner), all bargaining units in the County, including the CWA and all law enforcement units, formerly had salary guides in their contracts. Each labor union voluntarily agreed with the County to eliminate those guides in return for those concessions the County chose to provide in the years the guides were voluntarily removed. The County's motivation for the removal of the guides were that they created unreasonable pay increase expectations which the County could not financially meet in certain years. From the County's perspective (and all employee units voluntarily concurred), it would be best to negotiate true pay increases each year, based on what was fair for employees and what the County could afford. This concern was acknowledged and agreed to even by law enforcement units who had at that time binding arbitration as the final step of the negotiation process. If maintaining salary guides were critically important to employee morale, or the workplace in Hunterdon, the law enforcement units which voluntarily conceded their elimination could have forced the issue at that time into arbitration. It is reasonable to predict that the County would have had a difficult time back then meeting its burden of proof by asking an Arbitrator to award elimination of the salary guides, particularly when they are common place in other units throughout the State. This is one example of how voluntarily negotiated provisions are important and should not be disturbed from the outside, except in dire and compelling circumstances. To a certain extent, individual counties must be free to establish labor relations standards and patterns which work for them and their employees, even if they are not the same as in other public entities.

Contracts without salary guides have worked well in Hunterdon County, having been voluntarily accepted by all employee units. Once voluntarily eliminated, an Arbitrator should not involuntarily reimpose them, especially at the time when public employers are concerned about their ability to deal with increasing labor costs in the future, in light of economic conditions. Since labor stability and employees' moral are an important part of this criterion, the County respectfully suggests that the imposition of a salary guide system for one set of employees will wreak havoc on the County's relationship with all of the other units, and lead to years of frustrating negotiations and countless arbitrations over the issues of the reestablishment of salary guides. This will occur at the time when the County does not have the money to fund their reimplementation in the future. The continuing, frustrating arguments over the implementation of salary guides which would occur as a result, plus the fiscal stress resulting from their imposition, is not in the best interest of the public.

The County's proposal is fair and the first criteria of the statute weights heavily in the County's favor.

1. The Freeholders acknowledge that they can pay the amount set forth in their proposal without increasing taxes. The decision to maintain a flat tax rate, is a public policy decision for the elected officials to make. The arbitrator should not disturb that by imposing an award, based upon a value judgment that the taxpayers might be able to afford a tax increase

2. The Freeholders' proposal is reasonable in the present economic climate.

3. The Freeholders' proposal, while fair to employees, would not make the public feel that its interests are not being served by their representatives, or that public employees are class privileged beyond private employees.

4. The Freeholders' proposal should not unduly affect morale since corrections officers can understand that they are being paid comparably to their fellow County employees, but being treated as their own unique unit, in light of the additional compensation being offered to the employees with less time in each.

5. The imposition of a salary guide will create employee unrest throughout the County since no other bargaining unit (law enforcement or civilian) has such a pay system. There is no factual basis, nor any testimony, to project that the cost of maintaining a salary guide in future years will be affordable for the County. There has been no testimony as to the compelling need to alter bargaining practices in Hunterdon County to implement a guide at this time.

Comparison of Wages and Salaries with Other Employees in Public Employment

Neither party submitted information comparing the wages of correction officers to "comparable" positions of employment in private industry. This is undoubtedly because it is difficult to find a job which can be considered comparable. Therefore it is respectfully suggested that the arbitrator give this factor no weight.

In reviewing the record, it does not appear that the FOP submitted a comparison of the Hunterdon County Correction Officer pay salaries to those of other counties. The County did not submit the material, as it does not believe that the specific pay rates for the position in other counties is a factor in this arbitration. Hunterdon County has historically been in the lower 40% to 33% of salary pay rates for corrections officers throughout the State. The County's position is that irrespective of any comparison, this would not be the year to attempt to make any "corrections" to the County's pay scales to provide any perceived "adjustment" based upon comparability. There is simply no money to do that, and no reason to make any changes at this time.

The County's current pay scales for Correction Officers were freely and fairly bargained for and voluntarily arrived at. Comparisons are often in the "eye of the beholder." There are factors which influenced Hunterdon's Correction Officers to previously accept the rates at which they are paid. Those factors might be that the hours of work in Hunterdon appeal to particular officers. That the Jail, while a dangerous place to work, is not as extremely dangerous as other counties, given the types of offenders who are lodged in Hunterdon. A factor as well could be the significant amounts which are paid Correction Officers in Hunterdon as "holiday compensation adjustment." (C-38). If included in base salaries reflected in the contract, these amounts would substantially alter what is typically shown as the County's place based upon comparisons with other counties. This holiday compensation adjustment results in 200 hours of additional pay for each employee, an approximately 10% adjustment. Therefore, for example, while the most highly paid Correction Officer is shown on the chart as earning $58,493, he is actually earning $64,261, when his holiday compensation of $5,768 is included. The employee who was at the median pay of $37,500 is actually earning $41,106, when his holiday compensation of $3,606 is included. The newest officer who is paid $31,600 is actually earning $34,638, with his holiday compensation of $3,038.

What is more important in this arbitration is to consider the relative relationship of corrections officers to their fellow employees in the County. The representatives of each bargaining unit in the County are aware of the negotiated settlements which have been reached with the other units in the County. They have sought, and have been granted or compromised on, salaries which for years have been negotiated based upon their relationship with other titles which may exist in other bargaining units. The FOP has not furnished any basis in the record for an assertion that there must be an adjustment in the pay rates of corrections officers due to some aberration which has arisen because of the voluntary settlement with some other unit union.

The County argues that it is important for the arbitrator to recognize the pattern which has developed in the County for settlements with other unions and the adjustments in pay rates made for unclassified and other non-unionized employees. C-7 and C-8 are the Memoranda of Agreement with the County CWA bargaining units which represents 441 employees. As has been previously described that settlement includes:

For 2009:	a 1.5% increase in base pay for the year 2009 - which increase went unpaid and was deferred for inclusion in the pay rate until 2010.
For 2010:	a 1.5% increase in base pay - inclusion in the new pay system which resulted in receiving only 25 paychecks in 2010, instead of 26, -- an effective 3.85% reduction in each employees take home pay.
For 2011:	a 2% increase on 1/1/11 and a 2.5% increase on 7/1/11.

These rates effectively reflect a change in base pay of 7.5% over three years, but a cash outlay of the County significantly below that during that period of time because of the implementation of a new pay system in 2010, which reduced the County's overall costs by that year by 3.85%.

The County's proposal for its Correction Officers includes the 7.5% pay raise over three years, but the County is willing to equalize the increase by making payments of 2.5% per year effective in 2009. This means the following:

1. Correction Officers receive the benefit of retroactive pay for 2009 while most County employees receive no retroactive pay in 2009.

2. Correction Officers by receiving a greater pay increase in 2009 and 2010, receive the benefit of compounding resulting in an effective higher wage scale in year three.

3. The County proposed the inclusion in the new pay system effective 1/1/11. As a result, Correction Officers received the full retroactive payment for 2010, while the CWA did not.

4. The County proposed to pay employees receiving less than $40,500 a year wage increases averaging between 9.38% and 23.10%, which is greatly in excess of the 7.5% paid to the CWA employees.

The key comparison that should be most influential is whether Corrections Officers are being treated fairly in relationship to other bargaining units in the County. They clearly are, given all the factors.

While PERC statistics may disclose that 2009 salary settlements averaged closer to 3.5%, those charts do not reflect the following:

1. Whether or not those settlements resulted in the need for employee layoffs, which are being avoided in Hunterdon County; and

2. Those statistics do not include more recent settlements negotiated after the financial crisis was fully understood or felt. The present Governor was elected in November of 2009. Since then he has called for wage freezes by teachers' unions in the state, signed legislation which required contributions toward healthcare and changed the pension system. He argues for limitations

> on the growth of employee pay rates. Some portion of all of this has or will be adopted. More changes are proposed or are yet to come. (Just today, 7/13/10, the legislation was signed by the Governor imposing an annual cap of only 2% on property tax growth). While it is difficult to speculate on the final outcome, the support by public officials at the local level and the vocal support of taxpayers suggest that an arbitration award should be rendered which flattens out the rate of pay increases. The CWA represents a substantial portion of the state employee unit. It should not go unnoticed that the negotiations for the Hunterdon County settlement were conducted by the State Union with a principal State lead player, Adam Liebtag, at the bargaining table.

Clearly, the comparability criterion, given the fiscal crisis in New Jersey, weighs in favor of the County for the following reasons:

1. The County's proposal for Correction Officers compensates them at rates in excess of the agreement which was reached with the CWA, which represents the bulk of County employees.
2. There is no basis for concluding that additional adjustments are warranted based upon the comparability factor.

Overall Compensation

C-38 lists total compensation received by each Correction Officer in 2009. It shows that Correction Officers have the opportunity for overtime and received a substantial annual allotment equal to approximately 10% of their base salary for compensation in lieu of holiday pay. Total cost to the County for salaries and wages equaled $1,463,902.75. To that must be added fringe benefits of 68.68% (C-38), totaling $1,005,408 for a total of $2,469,331. The County's proposal would add an additional $101,404 for 2009, $98,398 for 2010, $14,203 for 2011, which includes a credit for participation in the new pay system. If the Union's proposal were awarded, the cost would increase by an additional $87,975. Since the Union's proposal would result in a higher base for the majority of employees going into 2012, the costs of both payroll and fringe benefit are compounded going into the future. The significant difference in cost weighs in favor of the County.

Stipulations

The County submits that the stipulations of the parties are not a significant factor to be weighed in this arbitration. Stipulation 1 deals with health care contribution. Employees in this bargaining unit already pay a 1% contribution of salary toward healthcare. (J-1, at 35). The additional one half of a percent effective May of 2010, should not weigh against the County.

Lawful Authority

The record does not suggest, nor does the County contend, that any award by the arbitrator in excess of the County's proposal would result in a violation of the County's CAP. This presentation has previously articulated the extensive efforts which the County has undertaken to cut costs to stay below its cap and not raise property taxes. In addition, it should be noted that the "cap" is not a suggestion for increased spending, but a limitation on it. Reductions which the Freeholders make in other programs or spending are not meant to create funds in order to pay employees in certain departments raises more generous than employees in other areas. A good rule to apply in this setting would to be to analyze the Freeholders' proposal in terms of the percentage increase on the tax rate as the law provides, essentially 2.5%. The County's proposal is to pay higher paid employees that amount. Lower paid employees (receiving less than $40,500 per year) will be paid in excess of that amount.

The fact that awarding the FOP's proposal would not result in the County exceeding its cap should be given little or no weight in view of the fact that the County was forced to reduce its spending in other areas and the "cap" is not a suggested increase for spending, or for salary increases, but a limitation on increased spending.

<u>The Financial Impact on the Governing Unit</u>
<u>its Residents and Taxpayers.</u>

As discussed above, the County recited the impact of a number of factors on the County's spending and budgetary plans. Programs have had to have been eliminated or reduced. In order to maintain a stable tax rate, without increases, the County was forced to reduce its budgetary spending by over $2,600,000, between 2009 and 2010.

The Union may argue that the additional spending required by its Final Offer should be absorbed by the County in some way, shape or form; perhaps utilize its budget cap and raise taxes. Perhaps it will argue that the County should use some portion of its surplus to fund the requested increases. It is respectfully argued that the Arbitrator should not make an award based upon either procedure.

The decision to maintain a stable tax rate in this environment is one for the Freeholders, as the elected officials of the County, to make. Further pay increases should not be awarded on the assumption that taxes should be raised.

The County submits that its surplus has decreased dramatically from $40,550,034 in 2007 to $29,254,860 in 2010. A reduction of over $11,000,000 and 25% in only four years. It is respectfully suggested that the Arbitrator should not make a decision to further reduce the County's surplus. Based upon these factors and the other factors maintained in this Brief:

1. This criterion weighs strongly in favor of the County's proposal, since there is no evidence in the record that the taxpayers are able to sustain a further tax increase, fund Corrections Officers' raises, and that:

2. There is no basis to assume that further reductions in spending in other areas should be implemented in order to fund Corrections Officers' salaries the County has already reduced spending by over $2,600,000.

3. The decision to reduce further an already depleted surplus, rests solely with the Board of Chosen Freeholders under their statutory authority.

Cost of Living

The consumer price index ("CPI"), as published by the US Department of Labor, Bureau of Labor Statistics ("BLS"), for the New York -- Northern New Jersey increased annually by 1.22% for the period ending May 2010. For calendar year 2009, the CPI decreased -0.5%. (C-28). The CPI has not experienced an average annual decrease since 1955. Thus, 2009 was the first time in the past 55 years that the CPI has fallen annually.

Therefore, this factor weighs heavily in favor of the County and the increases the County proposes which are substantially above the increase in the cost of living.

Continuity and Stability of Employment

This factor also weighs in the County's favor. The FOP's proposal for the first year awards no salary increase to 24 of the 30 members of the bargaining unit -- members with the least seniority. They are the members of the unit who can least afford to go without a pay increase. The employees who receive substantial increases in the FOP's proposal have over ten years of seniority with the County. There is no reason to suspect, nor is there any evidence or testimony in the record to suggest that these employees are thinking about leaving the County, especially in light of the dearth of jobs available elsewhere, and the fact that they have chosen to remain employees of the County for this long.

The FOP's final offer does not provide for stability and continuity since it proposes that higher paid employees with longevity receive a pay increase in 2009 while employees who are just starting their careers receive no pay increase. For these newer employees, their pay growth will be deferred for a year since they will not start movement again, nor will their base pay increase until 2010 under the union's proposal.

For all of the reasons set forth above, the County respectfully asks that its final offer be awarded.

Discussion

The parties presented testimony and more than 90 documentary exhibits totaling thousands of pages in support of their last offers. I am required to make a reasonable determination of the issues, giving due weight to the statutory criteria which are deemed relevant. Each criterion must be considered and those deemed relevant must be explained. The arbitrator is also required to provide an explanation as to why any criterion is deemed not to be relevant.

I have carefully considered the evidence as well as the arguments of the parties. I have examined the evidence in light of the statutory criteria. Each criterion has been considered, although the weight given to each factor varies. I have discussed the weight I have given to each factor. I have determined the total net economic annual changes for each year of the agreement in concluding that those changes are reasonable under the criteria.

I will set forth the award at this time so that, in discussing the evidence and applying the statutory criteria, the terms of the award will be the reference point. This will allow the reader to follow the analysis which led to the award. The parties related the evidence and arguments regarding the statutory criteria primarily to its own last offer and to the last offer of the other party. I will not do so because, in this conventional proceeding, the terms of the award will be the reference point rather than the parties' last offers. Conventional arbitration is a more flexible process which grants the arbitrator broad authority to fashion the terms of an award based on the evidence without the constraint of selecting any aspect of a final offer submitted by the parties. The prior statute required the selection of the final offer of one party or the other on all economic issues as a package and then to justify that selection.

A governing principle that is traditionally applied in the consideration of wages, hours and conditions of employment is that a party seeking a change in an existing term or condition of employment bears the burden of showing a need for such change. I shall apply this principle to all new proposals. The following are the terms of my award:

1. I shall award a three-year agreement in accord with the parties' stipulated agreement. The duration of the new three-year agreement shall be January 1, 2009 to December 31, 2011.

2. I shall award the County's proposal regarding "Change in pay Dates." This shall be effective January 1, 2011.

3. I shall award a salary schedule with incremental steps.

4. I shall award the parties' stipulated agreements included in U-1, a February 18, 2010 document titled "Items Tentatively Agreed."

5. I shall award a $100 increase in the Uniform Maintenance Allowance to be effective January 1, 2011.

6. All other proposals of the County and the FOP are denied.

Cost of Salary Proposals

The current bargaining unit (at the close of the record) includes 30 officers. The total base pay salary (excluding longevity) in 2008 is $1,168,619 for 31 officers. One of the officers included in the 2008 calculation resigned in November 2009 reducing the salary to $1,137,019 for 30 officers. The following calculations do not assume any resignations, retirements, promotions or additional new hires. Changes since the close of the hearing are not relevant since the parties' salary proposals are based on the same complement of officers.

2009

The FOP proposal in 2009 provides no salary increase to any bargaining unit members. The total cost of the FOP's salary proposal in 2009 is $1,137,019. The County's proposal in 2009 costs an additional $60,116. The total cost of the County 's salary proposal in 2009 is $1,197,135. I awarded a new salary schedule in 2009 that provides no salary increase to any bargaining unit members. The total cost of the awarded salary schedule in 2009 is $1,137,019. This is effectively a 0.0% increase in salary from 2008 to 2009.

2010

The FOP's salary proposal in 2010 costs an additional $85,197. The total cost of the FOP's salary proposal in 2010 is $1,222,216.

The County's salary proposal in 2010 costs an additional $58,334. The total cost of the County's salary proposal in 2010 is $1,255,469. The County will also receive approximately 40% of the value of the additional 0.5% health care contributed as required by the mandatory 1.5% health care contribution effective May 22, 2010. This offset is approximately $2,500. The awarded salary schedule in 2010 costs an additional $81,862. The total cost of the awarded salary schedule in 2010 is $1,218,881.

2011

The FOP's salary proposal in 2011 costs an additional $87,928. The total cost of the FOP's salary proposal in 2011 is $1,310,144. In addition, the FOP proposes a $200 increase in the annual clothing allowance. This increases the cost of the FOP's by $6,000 for a total net economic increase of $93,928 in 2011.

The County's salary proposal in 2011 costs an additional $39,179. The total cost of the County's salary proposal in 2011 is $1,294,648. I awarded the County's proposal for a salary hold-back in 2011. The County calculates the savings as $51,884. This brings the net economic cost to the County in 2011 to $1,242,764. The County will also have the full benefit of the additional 0.5% health care contributed as required by the mandatory 1.5% health care contribution. This is a total offset of approximately $6,100.

The awarded salary schedule in 2011 costs an additional $72,612. The total cost of the awarded salary schedule in 2011 is $1,291,493. I awarded the County's proposal for a salary hold-back in 2011. The County calculates the savings as $51,884. I awarded a $100 increase in the Uniform Maintenance Allowance effective January 1, 2011. This increases the cost by $3,000.

Interests and Welfare of the Public

The New Jersey Supreme Court in Hillsdale determined that the interests and welfare of the public must always be considered in the rendering of an interest arbitration award and that an award which failed to consider this might be deficient. The amended statute specifically requires the arbitrator to consider the CAP law in connection with this factor. I have considered and fully discussed the relevance of the CAP law in the section on Lawful Authority but at the outset it is sufficient to state that the award will not cause the Township to exceed its authority under the CAP law. The award can be funded without the Township exceeding its spending authority.

The interests and welfare of the public require the arbitrator to balance many considerations. These considerations traditionally include the Employer's desire to provide the appropriate level of governmental services and to provide those services in the most cost effective way, taking into account the impact of these costs on the tax rate. On the other hand, the interests and welfare of the public requires fairness to employees to maintain labor harmony and high morale and to provide adequate compensation levels to attract and retain the most qualified employees. It is axiomatic that reasonable levels of compensation and good working conditions contribute to a productive and efficient work force and to the absence of labor unrest. The work of a Correction Officer is undeniably and inherently dangerous. It is stressful work and is clearly subject to definite risks. Correction Officers are certainly aware of this condition of employment. This is a given which is usually balanced by the appropriate level of increases in compensation to be received by a Correction Officer from one contract to the next.

I agree with the analysis provided by Arbitrator Jeffrey B. Tener in an interest arbitration award in Cliffside Park. Arbitrator Tener's analysis:

> "The arbitrator is required to strike an appropriate balance among these competing interests. This concept has been included in the policy statement of the amended interest arbitration statute. N.J.S.A. 34:13A-14 refers to the 'unique and essential duties which law enforcement officers . . . perform for the benefit and protection of the people of this State' and the life threatening dangers which they confront regularly. The arbitration process is intended to take account of the need for high morale as well as for the efficient operation of the department and the general well-being and benefit of the citizens. The procedure is to give due respect to the interests of the taxpaying public and to promote labor peace and harmony." (In the Matter of the Borough of Cliffside Park and PBA Local 96, PERC Docket No. IA-98-91-14, page 45.)

I shall now discuss the issues with respect to the interests and welfare of the public factor.

Term of Agreement

I shall award a three-year agreement in accord with the parties' stipulated agreement. The duration of the new three-year agreement shall be January 1, 2009 to December 31, 2011.

Salary and Salary Schedule

The major issue in this matter is not salary. It is the FOP's proposal for the establishment of a salary schedule with incremental steps. The County is opposed to the establishment of a salary schedule. Both the FOP and the County have made excellent arguments in support of their respective positions.

For the following reasons, I find that a salary schedule with annual incremental steps shall be awarded.

The evidence in the record establishes that all other Correction Officer bargaining units in the State have what is commonly known as an incremental salary schedule. This is the standard method of payment for all other county Correction Officers as well as all Correction Officers in the State Correctional facilities. This is a term and condition of employment received by all other Correction Officers. While I am discussing the incremental salary guide issue under the *interests and welfare of the public* criterion, other criteria also favor its inclusion in the new CBA. The second criterion, (comparison of the wages, salaries, hours, and condition of employment of the employees involved in the arbitration proceedings with the wages, hours and condition of employment of other employees performing the same or similar services) supports the awarding of a salary schedule. The County bears a heavy burden in convincing an arbitrator that a term and condition of employment enjoyed by tens of thousands of other Correction Officers in all other correctional facilities throughout the State should be denied to 30 Correction Officers in Hunterdon County. In addition, the incremental salary schedule is the standard form of compensation for all other public safety officers in the State. This grouping includes municipal Police Officers, County Sheriff's Officers, Firefighters, Prosecutor's Detectives, and other County and State police bargaining units.

The eighth criterion (the continuity and stability of employment including seniority rights and such factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations) supports the awarding of a salary schedule with incremental steps. The record establishes, through the testimony of Correction Officer, Matthew Walker, that in the ten-year period between 2000 and 2010, approximately 100 Correction Officers have been hired by the County. Currently, there are 28 officers in the bargaining unit that were hired after January 1, 2000. This means that 60-70% of the officers hired by the County during the last ten years have either resigned or been dismissed. The County submitted a data sheet showing that 55 Correction Officers hired since February 28, 2000 are no longer employed. (E-3). E-3 shows that the County hired 16 Correction Officers in 2007. Only seven of the original sixteen Correction Officers are still employed by the County. The

County hired 36 Correction Officers during the five-year period from 2000-2004. Only three out of the 36 Correction Officers remain. It is undisputed that this bargaining unit experiences a very high turnover rate.

The County, through the testimony of George Wagner, Director of Public Safety, acknowledged this high turnover. Wagner testified that most Correction Officers viewed their job "as a gateway" to other law enforcement positions including municipal police officer positions. Wagner testified that his compensation model relies on paying less compensation as a Correction Officer approaches a $50,000 salary and that Correction Officers with more seniority would receive "less of a raise" than junior Correction Officers. Wagner testified that senior Correction Officers should take the Sergeants exam if they wanted to receive higher compensation. Wagner's compensation model is unique to Hunterdon County and is completely at odds with all other compensation models throughout the State. Wagner's model values inexperience over experience thus encouraging high turnover.

High turnover produces a continuing spiral of recruitment and training resulting in a significant number of inexperienced Correction Officers. The *interests and welfare of the public* criterion favors a low turnover rate with a stable workforce. This is important in all work environments but it is particularly important in a correctional facility given the inherent dangers of the job and the need to maintain the highest levels of safety and supervision. Highly trained and experienced Correction Officers are the keys to maintaining these high standards of safety and supervision. I have served as interest arbitrator in many other County Correction Officer bargaining units including Middlesex, Monmouth, Morris, Burlington, Mercer, Passaic, Union, Warren, Sussex, Ocean, Cape May, Atlantic, Cape May, Camden, Somerset and Essex. In many of these counties, I have served multiple times. In a number of these cases, I assisted the parties in their mutual efforts to reduce the high turnover rates they were experiencing. Burlington County, Monmouth County and Warren County all experienced high turnover rates and the problems attendant with such high turnover rates. One of the common elements in all of these cases which contributed to a significant reduction in these high turnover rates was the establishment of an incremental salary schedule.

The following is an excerpt from an interest arbitration award that I issued in a matter involving Burlington County and its Correction Officers:

> The parties agree that the single most important issue in this matter is the high turnover rate and the need to improve the terms of conditions of employment of Correction Officers. This issue is paramount to *the interests and welfare of the public*. Recruitment and retention of Correction Officers have been a serious problem in Burlington County during the last decade. Evidence in the record shows that 481 Correction Officers were hired between 1990 and 2000. As of November 1, 2001, only 149 of the original 481 were still serving as Correction Officers. (P-3). This is a 69% turnover rate. Training Correction Officers is justifiably an expensive proposition. It is exceedingly expensive when you have a 69% turnover rate.
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> High turnover produces a continuing spiral of recruitment and training resulting in a significant number of inexperienced Correction Officers. The parties agree that is in the best interests of the County and the PBA (and certainly *the interests and welfare of the public*) to reverse the high turnover rate and stabilize the workforce. This is important in all work environments but it is particularly important in a correctional facility given the inherent dangers of the job and the need to maintain the highest levels of safety and supervision. Highly trained and experienced Correction Officers are the keys to maintaining these high standards of safety and supervision.
> Both the PBA and the County have submitted proposals intended to reverse the high turnover rate and provide a better salary structure as well as better working conditions. Their salary proposals are similar in form with both proposing a reduction, compression and combining of steps.
>
> The County's format in 2001, which I have adopted in my award, provides for significant salary increases for 187 of the 217 bargaining unit members moving through the steps. It is substantially more than any other comparable correction bargaining units with the exception of other counties that have experienced similar problems with recruitment and retention. Monmouth County and Atlantic County experienced retention problems similar to Burlington County. Both counties made major revisions in salary schedules

> with equivalent significant salary increases in order to reverse high turnover rates and high training costs. These increases will contribute greatly to reversing the County's high turnover rate.
>
> The County's proposal is an aggressive effort to reverse the 10-year trend of high turnover. The County fully recognizes that a major improvement in salaries for Correction Officers moving through the salary schedule will dramatically improve the likelihood of retaining these junior Correction Officers. (*County of Burlington and Burlington County Correctional PBA Local 249*, PERC Docket No. IA-2001-60, at 87-89, issued September 30, 2002.)

The following is an excerpt from the terms of a *Recommended Settlement* accepted by the parties in a matter involving Warren County and its Correction Officers:

> The parties agree that the single most important issue in this matter is the high turnover rate of Correction Officers and the need to improve the salary structure for Correction Officers. This issue is paramount to *the interests and welfare of the public*. Recruitment and retention of Correction Officers is a serious problem in Warren County as evidenced by the large number of Correction Officers on Steps 1-4 on the 2002 Salary Guide. The 2002 data shows fifty Correction Officers on various steps of the 2002 Salary Guide. Thirty-five of the officers are on the first four steps of a twelve-step salary guide. The salaries of these thirty-five officers range from $26,288 to $30,232. There are only five officers on the top three steps. There is clearly a high incidence of turnover. This turnover creates a continuous need to train newly hired officers. Training Correction Officers is justifiably an expensive proposition. It is exceedingly expensive when you have a high turnover rate. High turnover produces a continuing spiral of recruitment and training resulting in a significant number of inexperienced Correction Officers. The parties agree that is in the best interests of the County and the FOP (and certainly *the interests and welfare of the public*) to reverse the high turnover rate and stabilize the workforce. This is important in all work environments but it is particularly important in a correctional facility given the inherent dangers of the job and the need to maintain the highest levels of safety and supervision. Highly trained and experienced Correction Officers are essential to maintaining high standards of safety and supervision.
>
> The FOP and the County recognize the need to reverse the high turnover rate and provide a better salary structure with a career path to maximum. The current salary guide is not an automatic incremental step guide. It does not provide a career path to maximum. The County and the FOP recognize the need to set up a true automatic incremental step guide with guaranteed incremental step movement from year-to-year with a career path to maximum. This is the norm in all other county Correction Officer contracts in the State. It is also the norm for Correction Officers employed by the State of New Jersey and nearly all municipal police departments within the State. The FOP and the County also recognize the need to reduce the

> number of steps. Accordingly, I recommend the implementation of the following automatic incremental step salary schedule. (*County of Warren and FOP Lodge 71*, PERC Docket No. IA-2003-042, at 4-5, issued on March 23, 2003).

As I discussed above, an incremental step salary schedule is a common element in all County and State Correction Officer bargaining units. As shown above, other counties experienced high turnover rates in the past and recognized the problems and high costs associated with the continued recruitment and training of new Correction Officers. These costs are not just the costs attributed to the training of new Correction Officers. There are also potential costs attributable to a Correctional facility staff with a significant number of inexperienced Correction Officers. The FOP estimated training costs per officer at approximately $10,000, plus uniform costs, and overtime payments to officers who fill vacant positions. While there is nothing in the record to confirm the actual costs, more than 50 officers hired since February 2000 are no longer employed by the County. The high cost of training and uniforms for these officers no longer employed by the County must be measured against the cost of maintaining a stable work force. As stated above, a stable work force is important in all work environments but it is particularly important in a correctional facility given the inherent dangers of the job and the need to maintain the highest levels of safety and supervision. Highly trained and experienced Correction Officers are essential to maintaining high standards of safety and supervision.

I find that the County's current compensation model is designed to encourage its Correction Officers to seek employment in other law enforcement jurisdictions by not providing a competitive salary as its Correction Officers attain experience on the job. This is inconsistent with the state-wide norm for compensation of Correction Officers and other law enforcement officers. In addition, it fosters a continuing spiral of turnover thus creating a workforce which is less experienced than other Correction facilities throughout the State. This model of not valuing experience has the potential of undermining the County's mission. As stated above, experienced employees are important in all work environments but it is particularly important in a correctional facility given the inherent dangers of the job and the need to maintain the highest levels of safety and supervision. Highly trained and experienced Correction Officers are the keys to maintaining these high standards of safety and supervision.

Accordingly, for all the above reasons, I shall award the implementation of the following incremental salary schedule:

STEP	**2009**	**2010**	**2011**
11	57,500	58,500	60,000
10	54,000	54,000	55,500
9	51,000	51,000	51,000
8	48,500	48,500	48,500
7	46,000	46,000	46,000
6	43,000	43,000	43,000
5	40,500	40,500	40,500
4	38,900	38,900	38,900
3	37,500	37,500	37,500
2	33,648	33,648	33,700
1	31,600	31,600	31,600

Beginning on January 1, 2009, Correction Officers shall be positioned/slotted on the salary scale at the Step that corresponds to their actual salary. If an Officer's actual salary is not reflected on the salary scale, she/he shall be positioned/slotted at the Step which reflects the nearest, higher salary.

The first five steps on the salary schedule in 2009 mirror the identical salaries of five groups of current Correction Officers in 2008. The five groups are: Six officers hired in July/August of 2008 at a salary of $31,600; six officers hired between November 29, 2007 and January 19, 2008 received $33,648 in 2008; six officers hired between September 5, 2006 and May 12, 2007 received a salary of $37,500 in 2008; two officers hired in May 2006 received a salary of $38,900 in 2008; four officers hired between April 13, 2005 and October 28, 2005 received a salary of $40,500 in 2008. This accounts for 24 of the 30 officers in the bargaining unit. The 24 officers in these five groups will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

The sixth step on the salary schedule is $43,000 in 2009 and includes the three officers hired between June 5, 2000 and December 1, 2003. These officers received a salary of $42,120 in 2008. These three officers will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

The seventh step on the salary schedule is $46,000 in 2009 and includes one officer hired on February 28, 2000. This officer received a salary of $45,968 in 2008. This officer will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

The eighth step on the salary schedule in 2009 is $48,500. There are no officers on this step in 2009.

The ninth step on the salary schedule is $51,000 in 2009 and includes one officer hired on April 19, 1998. This officer received a salary of $49,910 in 2008. This officer will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

There are no officers on Step 10 at $54,000 nor are there any officers on Step 11 (the maximum step) at $57,500 in 2009. One officer, hired on July 27, 1992, received a salary of $58,493 in 2008. This officer's current salary is above the maximum step on the salary schedule. This officer shall be "red circled" off the guide at a salary of $58,493 in 2009. This salary shall be increased by 2.5% effective January 1, 2010 and by an additional 2.5% effective January 1, 2011.

All officers slotted on the 2009 salary schedule shall move to the next higher step on January 1, 2010 and January 1, 2011 and will continue to move up one (1) additional step on the salary schedule on January 1st of each succeeding year until the officer reaches the maximum step on the salary schedule. All Correction Officers hired on or after November 1, 2010 shall, after initial placement, move up one step on the salary schedule on their anniversary date in each succeeding year of employment.

The cost out of the County's proposal and the awarded salary increases show that the County's salary proposal in 2009 costs an additional $60,116. The award provides no salary increase in 2009. In 2010, the County's salary proposal costs an additional $58,334 bringing the cumulative increase in 2010 to $118,450. The cost of the awarded salary increases in 2010 is $81,862. In 2011, the County's salary proposal costs an additional $39,179 bringing the cumulative increase in base salary from 2008 to 2011 to $157,629. The cost of the awarded salary increases in 2011 is $72,612 bringing the cumulative increase in base salary from 2008 to 2011 to $154,474. I awarded the County's salary hold-back in 2011 which saves the County $51,884 in 2011. This reduces the actual cost to the County in 2011 to $102,590. Thus, I find that the awarded salary increases will increase the cumulative base salary by $3,154 which is less than the County's proposed base salary increase.

However, the true cost of the award over the three-year period can be seen by comparing the actual cost of the awarded salary increases to the actual cost of the County's proposed salary increases. The County's proposal costs $60,116 in 2009, $58,334 in 2010 and $39,179 in 2011. The cumulative cost is $336,195 ($60,116 in 2009, $118,450 in 2010 and $157,629 in 2011) over the three-year period. The awarded salary schedule has no cost in 2009, it costs $81,862 in 2010 and $72,612 in 2011. The cumulative cost is $236,336 (no cost in 2009, $81,862 in 2010 and $154,474 in 2011) over the same three-year period. This is nearly $100,000 less than the County's proposal. I have constructed the salary schedule along the lines proposed by the FOP, because to do otherwise would make the cost of implementing a new salary schedule with automatic increments for all three years prohibitively expensive. In addition, there is a cost to the County in 2012 when the current Correction Officers move up one additional step on January 1, 2012. The cost to the County in 2012 (assuming no turnover) is $63,500. I have factored this additional cost to the County into the design of the salary schedule. Even with the additional incremental costs in 2012, the total cost to the County over the four-year period from 2009-2012 is less than the cost of its own salary proposal.

Comparison of The Wages, Salaries, Hours and Conditions of Employment

Comparisons of the wages, salaries, hours and conditions of employment of the County's Correction Officers are to be made with other employees performing similar services as well as with other employees generally in the following three groups: 1) in private employment in general, 2) in public employment in general, and 3) in public employment in the same or similar jurisdictions.

It is well established that there are no easily identified private sector police officers who perform services similar to those performed by County Correction Officers. Neither party submitted salary data on this sub-factor since none exists. A Correction Officer position is a uniquely public sector position that does not lend itself to private sector comparisons.

The County and the FOP agree that there are no private sector comparisons. I agree with the analysis of Arbitrator Weinberg that comparisons to the private sector are difficult because of the unique nature of law enforcement. (Award at 19). There is no data in the record to evaluate the comparison to other employees performing the same or similar services in private employment. I have given this sub-factor no weight.

The second part of this sub-factor requires a comparison with other employees generally in private employment. Neither party emphasized private employment comparisons. I take arbitral notice that the awarded salary increases are below average salary increases in private employment in 2009 and higher in 2010 and 2011. I note that the County's salary proposal is higher than average private employment salary increases in 2009 and 2010 and below the average increase in 2011 given the off-set from the salary hold-back. I conclude that the awarded salary increases, while higher than private employment salary increases in general, are acceptable when measured against the totality of the terms of the award. This sub-factor is not entitled to significant weight.

The next comparison is with public employment in general. Neither party submitted any salary data on public employment in general. I have served as a mediator, fact-finder and interest arbitrator (binding fact-finding) in many cases involving other public sector employees; i.e., school district employees and non-police municipal and county employees. A review of this salary data shows that the average annual salary increases in public employment in general are above the awarded salary increase in 2009 and below the awarded salary increases in 2010 and 2011. The impact of the awarded increase in 2011 is offset by the 3.85% savings to the County from the salary hold-back. I note that the total cost of the awarded salary increases are lower than the cost of the County's salary proposal. (See pages 58-59 and 73-74 of the award for a full discussion of the total costs). This sub-factor is supportive of the awarded salary increases which cost $100,000 less than the County's for 2009, 2010 and 2011.

I shall now address the third sub-factor which includes several elements. The first element is internal comparability with other County employees. The record shows that the County negotiated a three-year CBA with the CWA providing for a back-loaded 7.5% salary increase. Both the awarded salary increases and the County's salary proposal are higher than the CWA salary increase. I note that the MOA between the County and the CWA provides for a "wage reopener" on April 1, 2011 which could modify the salary agreement.

The County's main argument regarding this sub-factor is with respect to incremental salary schedules. The County relies on the fact that no other County employees have an incremental salary schedule. All things being equal, this would be a legitimate argument worthy of strong consideration. However, as noted above, the County has experienced massive turnover which can be attributed to a compensation system which the County concedes forces Correction Officers to seek other employment. I provided a detailed discussion of the negative consequences of high turnover and determined that this high turnover could be curtailed by the implementation of a salary schedule. There is no evidence in the record to show that the County is experiencing problems with recruitment and retention of experienced staff members because of the lack of a salary schedule in the CWA bargaining unit (the County's largest bargaining unit).

Accordingly, I find that this sub-factor shows that Correction Officers will receive higher salary increases than CWA bargaining unit members and that such salary increases are equal to or less than the County's proposed salary increases for Correction Officers.

I find that this sub-factor is supportive of the awarded salary increases given the undisputed high turnover rate.

The third sub-factor, is the comparison to the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with employees performing the same services in public employment, namely, comparisons to other Correction Officers. As I discussed above, evidence in the record establishes that all other Correction Officer bargaining units in the State have what is commonly known as an incremental salary schedule. This is the standard method of payment for all other county Correction Officers as well as all Correction Officers in the State Correctional facilities. This is term and condition of employment enjoyed by tens of thousands of other Correction Officers in all other correctional facilities throughout the State as well as municipal Police Officers, County Sheriff's Officers, Firefighters, Prosecutor's Detectives, and other County and State police bargaining units. My award of an incremental salary schedule to Hunterdon County Correction Officers is fully supported by the application of this sub-factor.

A review of the salary data submitted by the FOP shows that Hunterdon County Correction Officers rank last when compared to other county Correction Officers in New Jersey. The following are top step salaries in other county Correction Officer bargaining units: Warren County, $68,837 (2010); Union County, $77,911 (2009); Sussex County, $60,131 (2006), Somerset County, $81,471 (2009); Monmouth County, $85,001 (2008); Morris County, $85,726 (2010); Mercer County, $79,161 (2008); Essex County, $72,182 (2006); Burlington County, $60,387 (2008); Middlesex County, $74,794 (2008); Ocean

County, $86,657 (2009); Atlantic County, $54,400 (2006) and Gloucester County, $68,683 (2010). All of the above counties have incremental salary schedules. In all of these counties, the vast majority of the employees are paid the maximum salary. Thus, the average salary in all of these bargaining units is 80-90% of the maximum salary. The average salary of a Correction Officer in Hunterdon County in 2008 (and 2009) is $37,900. This is below the starting salary of $39,884 in Warren County in 2009. The low average salary in Hunterdon County is a direct result of the high turnover of Correction Officers which is caused by the lack of a salary schedule with annual incremental step increases.

I find that this sub-factor is fully supportive of both the incremental salary schedule and the awarded salary increases when compared with the salaries and salary schedules in other County and State Correction officer bargaining units.

Lawful Authority of the Employer

Three of the statutory criteria, N.J.S.A 34:12A-16g(1), (5) and (9), refer to the lawful authority of the employer. These factors, among other things, require the arbitrator to consider the limitations imposed on the County by the CAP law which, generally, limits the amount by which appropriations of counties and municipalities can be increased from one year to the next. This was intended to control the cost of government and to protect homeowners. The limitation applies to total appropriations and not to any single appropriation or line item.

More specifically, g(1) refers to the original 1976 Cap law; g(5) refers to the lawful authority of the employer and cites the 1976 Cap law; and g(9) refers to the recently enacted 2007 Cap law which limits tax levy increases. It is well established that arbitrators must recognize and respect the statutory limits which have been placed on public employers. The County of Hunterdon and all other political jurisdictions in the State face constraints in their ability to increase appropriations and, beginning in 2008, on their ability to raise taxes. The expenditure or appropriations cap applies to the total current expense portion of the budget and not to any particular line item within the budget. It is well established that the Reform Act does not require an arbitrator to award the amount the employer has budgeted. The County is free to budget an amount which it considers sufficient for negotiations of CBAs and that amount is not determined by the CAP Law.

The County acknowledged in its brief that "the record does not suggest, nor does the County contend, that any award by the arbitrator in excess of the County's proposal would result in a violation of the County's CAP." A review of the County's financial submissions and certifications show that Hunterdon County is well managed and financially sound. This is demonstrated by the County's annual reductions in its budget and its ability to maintain a budget surplus of $29,254,860 in 2010.

There is absolutely no evidence in the record to show that the terms of the awarded salary increases or any other aspect of this award will cause the County to approach the limits of its financial authority or to breach the constraints imposed by the three statutory criteria, N.J.S.A 34:12A-16g(1), (5) and (9), in funding the salary increases I have awarded.

Financial Impact on the Governing Unit, its Residents and Taxpayers

The above discussion under the *lawful authority* is applicable to the *financial impact* factor and need not be repeated. For all of the reasons cited above, I conclude that there is no evidence that the terms of my award will require the County to exceed its lawful authority. The CAP law, or lawful spending limitations imposed by P.L. 1976 C.68, is not directly impacted by this proceeding nor is there any evidence that the terms of this award will impact on the County's obligations under the recently amended budget CAP law, N.J.S.A. 40A:4-45.1 et seq.

Based on the evidence in the record, I conclude that the financial impact of the award will not adversely affect the governing unit, its residents and its taxpayers.

Cost of Living

Arbitrators must consider changes in the cost of living. The most recent cost of living data shows that the increase in the Consumer Price Index ("CPI"), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"), for New York-Northern New Jersey increased by 1.2% for the period ending September 2010. (BLS News Release, October 15, 2010). This is a significant decline from the increases of 2006 and 2007 when the CPI increased by 3.3% and 3.6%. The CPI in 2008 was 1.6% and 2.3% in 2009. The BLS described the CPI in 2008 as the "lowest over-the-year increase since 1999." The 2010 CPI increase may be lower than the 2008 increase.

I find that the awarded salary increases are above the current 1.2% increase in the CPI in 2010. The County and FOP last offers on salary are also above the CPI data in 2010. However, as discussed above, the County's salary costs are significantly off-set by the savings from the salary hold-back in 2011. This is a 3.85% reduction in salary which generates savings of $51,884. In addition, the County will have the full benefit of the 1.5% of salary contribution for health care premiums which adds another 0.5% in savings to bring the total savings in 2011 to 4.35%.

I conclude that the awarded base salary increases, while higher than the increases in the cost of living in 2010 and 2011, are reasonable given the costs associated with the implementation of a salary schedule with automatic annual increments. As stated above, the cost of the salary schedule during the term of the new CBA is less than the cost of the County's salary proposal before the calculation of the 3.85% savings in 2011 from the salary hold-back.

Continuity and Stability of Employment

The terms of my Award will improve the continuity and stability of employment for the County's Correction Officers. The establishment of a salary schedule with annual incremental steps will improve the County's ability to recruit and retain qualified Correction Officers. It is undisputed that the continuity and stability of employment of the County's Correction Officers was negatively affected by the high turnover that the County has experienced during the last ten years. Evidence in the record shows that the County hired 16 Correction Officers in 2007. Only seven of the original 16 Correction Officers are still employed by the County. The County hired 36 Correction Officers during the five-year period from 2000-2004. Only three out of the 36 Correction Officers remain. The County's high turnover rate is directly related to the absence of a salary schedule which I discussed in detail above. The salary schedule that I awarded will improve the County's ability to recruit and retain Correction Officers but it will not eliminate the County's turnover problems. While the new salary schedule is a major improvement of the current salary scheme, it still lags behind other County Correction unit salary maximums and municipal police officer maximum salaries. In addition, while the clear trend is to add steps to public safety salary schedules, the County's new salary schedule with eleven steps is well above the norm. The salary award in this matter will not jeopardize employment levels or other governmental services. The award of a new salary schedule will improve the County's ability to recruit and retain qualified Correction Officers. This factor was given considerable weight in the awarding of a new salary schedule.

I conclude that the terms of this award will maintain the continuity and stability of employment and satisfy the requirements of this factor.

Overall Compensation

A review of this factor requires consideration of the "overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received." I have considered the overall compensation received by the County's Correction Officers and find that the terms of my Award will maintain existing levels.

Stipulations

The County and the FOP stipulated that all matters agreed to by the parties in the February 18, 2009 Memorandum of Agreement shall be incorporated in the final award. The following are the terms of the February 18, 2009 Memorandum of Agreement:

1. Article 8, "Uniform Allowance," the list of items making up the original issue of uniform shall be modified to reflect the following:

    a. Increase the number of long sleeve shirts from five (5) to six (6).
    b. Increase the number of short sleeve shirts from five (5) to six (6).
    c. Increase the number of trousers from five (5) to six (6).
    d. Include one (1) wallet/flat badge & I.D. holder in the list of items.

2. Article 13, "Sick Leave," the sick leave incentive shall be modified as follows:

    a. 0 time - $250.00
    b. 12 hour or less - $225.00
    c. 12 – 24 hours - $200
    d. 24 – 36 hours - $175.00
    e. 36 – 48 hours - $150.00
    f. 48 – 60 hours - $125.00

3. The following language shall be added to Article 20, "Hours of Work and Scheduling,": "the Employer may create Administrative Shifts with a schedule of 8 hour days; 5 days on, 2 days off, with a one half hour lunch and two 15 minute breaks." Additionally, language shall be inserted in Article 26, "Wages," at Section G to indicate that, "Section G does not apply to any officer assigned to an 'Administrative Shift.'

4. The parties agreed that the proposed changes to Article 33, "Association Representatives," regarding an FOP representative's attendance at union meetings, shall be handled administratively.

Other Issues

I shall now address the other issues. A governing principle that is traditionally applied in the consideration of wages, hours and conditions of employment is that a party seeking a change in an existing term or condition of employment bears the burden of demonstrating a need for such change. I shall apply that principle in my analysis of each issue in dispute. While I am required to evaluate the merits of the disputed issues individually, I am guided by criterion N.J.S.A. 34:13A-16(8) that directs the consideration of factors which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment. An element that must be considered is the totality of the changes to be made to an existing agreement. This is consistent with the statutory requirement that an arbitrator determine whether the total economic changes for each year of the agreement are reasonable under all of the criteria. Thus, any decision to award or deny any individual issue must be balanced with consideration of the reasonableness of each issue in relation to the reasonableness of the terms of the entire award.

Change in Pay Dates

The County proposes a new pay system which will result in each officer receiving only 25 pay checks in 2011, rather than 26 which they normally would receive. The County notes that the new system does not result in a permanent loss of pay to the employee. Correction Officers are currently paid up to the date when they receive a pay check. Once an employee is fully integrated into the new system, an employee's pay check will be for the pay period ending two weeks prior. When an employee leaves the County employ, they would receive an additional two weeks pay. The County points out that there is an expense to the County in operating two pay systems. In addition, the implementation of this pay system in 2011 would effectively result in the County having a cash outlay of 3.85% less in the final year of the agreement. The savings to the County in cash outlay in implementing this system in 2011, would be $51,884.

The record shows that the vast majority of the County's employees have been paid under the new pay system since January 1, 2010. The County's method of implementation "eases the pain" in making the transition. While, there will be a 3.85% decrease in annual salary, this will be offset by the salary increases received in 2010 and 2011. Also, it is worth noting that this is effectively a deposit in a savings program as all employees will receive the two weeks salary upon separation from County employment.

Accordingly, I shall award the County's proposal that effective January 1, 2011, the County will pay employees on a bi-weekly basis during the calendar year based on the following schedule:

> Commencing with the first payday in 2011, the payday shall be moved forward one (1) business day and thereafter be moved one (1) additional business day every second pay period until the payday has moved forward two (2) weeks (ten work days), at which time two (2) weeks pay (ten days pay) has been held back and remains that way thereafter. This means that:
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> 1. The first paycheck in January 2011, which would have been normally issued on a Friday will be dated and issued the following Monday.
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> 2. The next pay check will be dated and issued two weeks later on a Tuesday.
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> 3. The third paycheck will be dated and issued two weeks later but not on Monday, but the next day, a Tuesday.
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> 4. The fourth paycheck will be dated and issued two weeks later on a Tuesday.
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> 5. The fifth paycheck will be dated and issued two weeks later but not on Tuesday, but the next day, a Wednesday.
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> 6. The sixth paycheck will be dated and issued two weeks later on a Wednesday.
>
> 7. This pattern will be continued until the objective is met, that is, until the payday has moved forward two (2) weeks (ten work days) at which time two (2) weeks pay (ten days pay) has been held back and remains that way thereafter. Thereafter, pay schedules shall not be changed.

8. The first paycheck in 2012 will be for the last two weeks due in 2011, since it covers ten (10) days of pay for 2011. Each succeeding paycheck will be at the rate of pay applicable to the ten (10) day pay period which the check covers. Two weeks after an employee permanently leaves the employ of the County, two weeks pay will be owed to the employee and paid out at the employee's rate of salary at the time they terminate employment with the County for any reason.

Uniform Maintenance Allowance

The FOP proposed a $200 increase in the Uniform Maintenance Allowance (from $600 per year to $800 per year) beginning January 1, 2011. The cost of the FOP's proposal is $6,000 in 2011. The FOP contends that Hunterdon County lags behind other correction units with regard to uniform allowances. The FOP contends that the average uniform allowance, based on the CBAs in the record is $719. The FOP has met its burden to show that an increase in the current $600 allowance is justified.

Accordingly, effective January 1, 2011, the Uniform Maintenance Allowance shall be increased to $700 annually.

Summary

I have carefully considered the evidence as well as the arguments of the parties. I have examined the evidence in light of the statutory criteria. Each criterion has been considered, although the weight given to each factor varies. I have discussed the weight I have given to each factor. I have also determined the total net economic annual changes for each year of the agreement and concluded that those changes are reasonable under the statutory criteria.

The main issue in this case is the implementation of a salary schedule with annual increments. It is undisputed that the County has experienced exceedingly high turnover of Correction Officers. I awarded a salary schedule with annual increments to improve the County's ability to recruit and more importantly, retain experienced and qualified Correction

Officers. I structured my award by following the FOP's proposal that salaries be frozen in 2009 at 2008 levels. This means that the salary increase in 2009 is zero. I also froze the first 9 steps at the 2009 level in 2010 and 2011. I increased Step 10 in 2011 and Step 11 in 2010 and 2011. The delayed implementation and salary freeze in 2009 allows for the implementation of a salary schedule that is within the total cost of the County's own salary proposal. I note that while this represents a significant improvement over the current compensation system, the salaries of Hunterdon County's Correction Officers will continue to lag behind their fellow Correction Officers in other counties. The $60,000 maximum salary in 2011 will be significantly below the maximums in all other counties. By comparison, Warren County's maximum will be $68,837 in 2010. Only one of the currently employed Correction Officers will reach maximum during the term of the new CBA but all other Correction Officers will now have the opportunity to reach maximum salary in the future.

The statutory criteria implicated in this issue are the interests and welfare of the public, comparison to employees in the same or similar jurisdictions, continuity and stability of employment, and overall compensation. The interests and welfare of the public require nothing less than experienced Correction Officers. Highly trained and experienced Corrections Officers are an essential component in maintaining the highest levels of professional service. The continuity and stability of employment is also implicated and favors measures that will stabilize the work force to provide for better continuity and stability of employment in the County.

Accordingly, I hereby issue the following award:

AWARD

1. **Term of Agreement:**

There shall be a three-year agreement effective January 1, 2009 through December 31, 2011.

2. **Salary:**

(a) I shall award the implementation of the following incremental salary schedule:

STEP	2009	2010	2011
11	57,500	58,500	60,000
10	54,000	54,000	55,500
9	51,000	51,000	51,000
8	48,500	48,500	48,500
7	46,000	46,000	46,000
6	43,000	43,000	43,000
5	40,500	40,500	40,500
4	38,900	38,900	38,900
3	37,500	37,500	37,500
2	33,648	33,648	33,700
1	31,600	31,600	31,600

(b) Beginning on January 1, 2009, Correction Officers shall be positioned/slotted on the salary scale at the Step that corresponds to their actual salary. If an Officer's actual salary is not reflected on the salary scale, she/he shall be positioned/slotted at the Step which reflects the nearest, higher salary.

(c) The first five steps on the salary schedule in 2009 mirror the identical salaries of five groups of current Correction Officers in 2008. The five groups are: Six officers hired in July/August of 2008 at a salary of $31,600; six officers hired between November 29, 2007 and January 19, 2008 received $33,648 in 2008; six officers hired between September 5, 2006 and May 12, 2007 received a salary of $37,500 in 2008; two officers hired in May 2006 received a salary of $38,900 in 2008; four officers hired between April 13, 2005 and October 28, 2005 received a salary of $40,500 in 2008. This accounts for 24 of the 30 officers in the bargaining unit. The 24 officers in these five groups will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

(d) The sixth step on the salary schedule is $43,000 in 2009 and includes the three officers hired between June 5, 2000 and December 1, 2003. These officers received a salary of $42,120 in 2008. These three officers will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

(e) The seventh step on the salary schedule is $46,000 in 2009 and includes one officer hired on February 28, 2000. This officer received a salary of $45,968 in 2008. This officer will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

(f) The eighth step on the salary schedule in 2009 is $48,500. There are no officers on this step in 2009.

(g) The ninth step on the salary schedule is $51,000 in 2009 and includes one officer hired on April 19, 1998. This officer received a salary of $49,910 in 2008. This officer will receive no salary increase in 2009 and will move to the next higher step on the salary schedule effective January 1, 2010 and January 1, 2011.

(h) There are no officers on Step 10 at $54,000 nor are there any officers on Step 11 (the maximum step) at $57,500 in 2009. One officer, hired on July 27, 1992, received a salary of $58,493 in 2008. This officer's current salary is above the maximum step on the salary schedule. This officer shall be "red circled" off the guide at a salary of $58,493 in 2009. This salary shall be increased by 2.5% effective January 1, 2010 and by an additional 2.5% effective January 1, 2011.

(i) All officers slotted on the 2009 salary schedule shall move to the next higher step on January 1, 2010 and January 1, 2011 and will continue to move up one (1) additional step on the salary schedule on January 1st of each succeeding year until the officer reaches the maximum step on the salary schedule.

(j) All Correction Officers hired on or after November 1, 2010 shall, after initial placement, move up one step on the salary schedule on their anniversary date in each succeeding year of employment.

3. I shall award the County's proposal that effective January 1, 2011, the County will pay employees on a bi-weekly basis during the calendar year based on the following schedule:

Commencing with the first payday in 2011, the payday shall be moved forward one (1) business day and thereafter be moved one (1) additional business day every second pay period until the payday has moved forward two (2) weeks (ten work days), at which time two (2) weeks pay (ten days pay) has been held back and remains that way thereafter. This means that:

(a) The first paycheck in January 2011, which would have been normally issued on a Friday will be dated and issued the following Monday.

(b) The next pay check will be dated and issued two weeks later on a Tuesday.

(c) The third paycheck will be dated and issued two weeks later but not on Monday, but the next day, a Tuesday.

(d) The fourth paycheck will be dated and issued two weeks later on a Tuesday.

(e) The fifth paycheck will be dated and issued two weeks later but not on Tuesday, but the next day, a Wednesday.

(f) The sixth paycheck will be dated and issued two weeks later on a Wednesday.

(g) This pattern will be continued until the objective is met, that is, until the payday has moved forward two (2) weeks (ten work days) at which time two (2) weeks pay (ten days pay) has been held back and remains that way thereafter. Thereafter, pay schedules shall not be changed.

(h) The first paycheck in 2012 will be for the last two weeks due in 2011, since it covers ten (10) days of pay for 2011. Each succeeding paycheck will be at the rate of pay applicable to the ten (10) day pay period which the check covers. Two weeks after an employee permanently leaves the employ of the County, two weeks pay will be owed to the employee and paid out at the employee's rate of salary at the time they terminate employment with the County for any reason.

4. The County and the FOP stipulated that all matters agreed to by the parties in the February 18, 2009 Memorandum of Agreement shall be incorporated in the final award. The following terms of the February 18, 2009 Memorandum of Agreement are hereby incorporated in this Award:

I. Article 8, "Uniform Allowance," the list of items making up the original issue of uniform shall be modified to reflect the following:

a. Increase the number of long sleeve shirts from five (5) to six (6).
b. Increase the number of short sleeve shirts from five (5) to six (6).
c. Increase the number of trousers from five (5) to six (6).
d. Include one (1) wallet/flat badge & I.D. holder in the list of items.

II. Article 13, "Sick Leave," the sick leave incentive shall be modified as follows:

a. 0 time - $250.00
b. 12 hour or less - $225.00

c. 12 – 24 hours - $200
d. 24 – 36 hours - $175.00
e. 36 – 48 hours - $150.00
f. 48 – 60 hours - $125.00

III. The following language shall be added to Article 20, "Hours of Work and Scheduling,": "the Employer may create Administrative Shifts with a schedule of 8 hour days; 5 days on, 2 days off, with a one half hour lunch and two 15 minute breaks." Additionally, language shall be inserted in Article 26, "Wages," at Section G to indicate that, "Section G does not apply to any officer assigned to an 'Administrative Shift.'

IV. The parties agreed that the proposed changes to Article 33, "Association Representatives," regarding an FOP representative's attendance at union meetings, shall be handled administratively.

5. I shall award a $100 increase in the Uniform Maintenance Allowance to be effective January 1, 2011.

6. All proposals of the County and the FOP not awarded herein are denied. All provisions of the 2006-2008 CBA shall be carried forward except for those provisions modified by the terms of this Award.

Robert M. Glasson
ROBERT M. GLASSON
ARBITRATOR

Dated: October 31, 2010
Pennington, NJ

STATE OF NEW JERSEY) ss.:
COUNTY OF MERCER)

On this 31st day of October 2010, before me personally came and appeared ROBERT M. GLASSON, to me known and known by me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed the same.

Joann Walsh Glasson

JOANN WALSH GLASSON
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 12/11/2011