

STATE OF NEW JERSEY  
PUBLIC EMPLOYMENT RELATIONS COMMISSION

----- \*

In the Matter of the Interest        \*

Arbitration between                    \*

                                          \*

                                          \*

                                          \*        DECISION

                                          \*        AND AWARD

                                          \*

COUNTY OF ESSEX                        \*

                                          \*

                                          \*

                                          \*        Docket No.

                                          \*        IA-95-139

                                          \*

                                          \*

                                          \*

----- \*

Before: Joel M. Weisblatt, Arbitrator

Appearances:

For the County

Ruderman & Glickman

By: Mark S. Ruderman, Esquire

Ellen M. Horn, Esquire (On the Brief)

Dolores Capetola, Director, Office of Labor Relations

For the PBA

Yankowitz, Goldsmith & Sayers

By: William D. Sayers, Esquire

Ronald Villano, Consultant (On the Brief)

**D E C I S I O N**

The County of Essex (the "County") and the Essex County Sheriffs Officers PBA Local 183 (the "PBA") are parties to a collective bargaining agreement which had a duration through December 31, 1994. Negotiations for a successor agreement reached an impasse and the PBA filed a Petition to Initiate Compulsory Interest Arbitration. Pursuant to the Rules and Regulations of the Public Employment Relations Commission, the undersigned Arbitrator was duly appointed to serve in this matter.

The Arbitrator met with the parties on October 10, 1995 and December 14, 1995 in an effort to assist them in achieving a voluntary resolution to their dispute. The impasse persisted. Evidentiary hearings were scheduled and held on February 20; March 11; May 21; May 28; May 29; May 30; August 2; August 20; August 29; September 18; and October 8; all in 1996. Efforts aimed at achieving a voluntary resolution continued throughout the hearing process and some of the above

dates were devoted to negotiations. Additionally, pursuant to the mutual request of the parties, four of the above hearing dates (5/28, 5/29, 5/30 & 8/20) were held jointly with two other bargaining units involved in separate interest arbitration proceedings. Those multi-unit hearing dates were strictly concerned with the fiscal issues relevant to all three units. Lastly, one of the hearing dates (3/11) included an on-the-record tour of the facilities with an in-depth presentation as to the duties and responsibilities of the department and its officers.

Under N.J.S.A. 34:13A-16b(2), the parties mutually agreed to a terminal procedure providing the Arbitrator with a choice between the parties' last best offers as a total package for determining the more reasonable resolution of economic issues in dispute and a choice between the parties' last best offers on an issue by issue basis for determining the more reasonable resolution of non-economic issues. This mutual request was reduced to writing and approved by the Public Employment Relations Commission. Final offer arbitration requires the Arbitrator to determine which

of the two final offers is the more reasonable under the statutory criteria rather than devising the *most reasonable* package as would be the case under conventional arbitration. The parties mutually agreed to extend the time limits for the issuance of the Decision and Award in this matter until February 15, 1997.

The Arbitrator has reviewed the entire record in this matter. The record includes extensive documentary evidence, voluminous testimonial evidence (including a considerable measure of expert testimony) and post-hearing briefs submitted by both parties. In order to determine which final economic package is the more reasonable, the Arbitrator has analyzed the evidence in light of all eight statutory criteria set forth in N.J.S.A. 34:13A-16g, relevancy and determinative weight are discussed in the Analysis section of this Decision. The Award herein provides an order resolving the dispute through implementation of the final economic package determined to be more reasonable under the statutory criteria.

**Final Offer of the PBA**

The final offer submitted by the PBA includes a salary increase proposal and a new, reduced starting rate for future hires. Specifically, the offer is as follows:

Duration: 1/1/95 through 12/31/98

Salary increase (across the board)

Effective 1/1/95 - 0

Effective 1/1/96 - 2% (payable 1/1/97)

Effective 1/1/97 - 2%

Effective 7/1/97 - 3%

Effective 1/1/98 - 3%

Effective 7/1/98 - 2%

Effective 1/1/97 the new starting salary is to be reduced to \$25,000. New hires only.

**Final Offer of the County**

The final offer submitted by the County includes a salary increase proposal; a new, reduced starting rate for future hires; and a new salary schedule adding a step for future hires. Specifically, the offer is as follows:

Duration: 1/1/95 through 12/31/98

Salary increase (across the board)

Effective 1/1/95 - 0

Effective 7/1/96 - 2% (payable 1/1/97)

Effective 7/1/97 - 5%

Effective 7/1/98 - 5%

Effective upon the execution of the contract, the starting salary for new hires would be reduced to \$26,000. The salary guide for the new hires would be increased in length by one step and the steps would be calculated to remain equidistant.

## **Positions of the Parties**

### PBA Arguments

The PBA argues that its final economic package is more reasonable than that of the County. Its argument is presented in a format reflective of the statutory criteria, beginning with the public interest criterion.

The PBA stresses the public benefits derived from the multiple essential services provided by the Sheriff's Department in Essex County. Specifically noted are the bureau of narcotics, criminal warrants division, and the K-9/bomb unit. These specialized services provide municipalities with the opportunity to, "better utilize their police officers to protect and serve the citizens of Essex County." The PBA points out the dangers inherent in the job, referring to testimony about a shooting incident in the County Courts Building. The PBA also asserts that there has been an increase in workload and a reduction in staff.

The PBA maintains that its offer presents no problem with respect to the budgetary Cap Law since the only year in issue with a Cap problem for the County is 1995, when the PBA is willing to accept no increase. Evidence as to Cap flexibility in the other years is cited, stressing a "nominal" proposal of 2% for the 1996 year. The PBA insists that its final offer allows the County to attain financial stability without sacrificing employee morale. That dual accomplishment is argued to be at the center of the public interest; contending that the County's offer would have a negative impact on the interest and welfare of the public because "morale and qualified personnel would be at an all time low."

Under the comparability criterion, the PBA first addresses a comparison with police officers in municipal police departments in Essex County. It contends that the sheriffs officers are already at a low ranking in this comparison despite the fact that only 4 of the 22 municipal departments work as much as the 2080 work year of the sheriffs officers. The PBA suggests that when salary and longevity are considered

together, the sheriffs officers are last in wages among a comparison with all the municipal departments in Essex County. The absence of longevity benefits is emphasized as a substantial shortfall. The PBA maintains that the average police settlement among the Essex County municipal contracts in 1996 was 5.21%, expressing a fear that this unit will fall further behind the comparison group. A specific comparison is also drawn with the five "distressed cities" within Essex County. Salary increases with a range of 3.5% to 6.0% are noted within the 1995 to 1997 period for these jurisdictions faced with fiscal difficulties.

The PBA contends that no other county sheriffs department compares with Essex when considering staff, workload, demographics, crime rate and services provided. However, several counties are selected for illustrative comparisons nonetheless. It is conceded that the unit compares favorably to some other county sheriffs departments, however, the dramatic differential between Essex and Bergen counties is stressed.

The PBA suggests that of the other law enforcement units within Essex County government, the Prosecutor's Investigators is the most comparable unit with respect to functions performed. It is asserted that the investigators enjoy a substantially greater salary schedule and a vacation benefit which is "significantly better." It is alleged that most non-law enforcement units within the County received salary increases for 1995.

The Overall Compensation received by unit employees is characterized as "a decent compensation package." However, the PBA argues that it is not at the top of the sheriffs departments throughout the State and falls short of municipal departments. It further maintains that, "[T]he increases that will be gained in 1997 and 1998 will by no means compensate for the lost contract years of 1995 and 1996." The PBA in its argument under the Overall Compensation criterion identifies the delayed impact of the County's offer as a key negative feature. It suggests that that offer does not keep pace with inflation and is the equivalent (due to delayed implementation) of increases of

0 - 1 - 2.5 - 2.5 for the years 1995 - 1998. The "actual result" is calculated as 6% over 4 years. [These contentions are addressed in the Analysis section of this Decision]. The PBA claims that there is no justification for the overall compensation proposed by the County.

Under the Lawful Authority criterion, the PBA reiterates its assertion that there is no Cap Law problem with respect to its offer. It relies on the testimony of the County's witness, Paul Hopkins, to support this conclusion. In addition to the conclusion as to 1996, the PBA maintains that there is evidence that a positive cap bank will be carried into 1997, precluding the projection of a problem in that budgetary year. The PBA concludes that the differences between the parties is so slight that "if the County can fund its own final offer without creating a cap problem, the slight difference of the Union's offer will not cause a cap problem either."

The PBA argues that its final offer will not have a negative financial impact on the governing unit or

the taxpayers. It relies on the report of its expert witness, Dr. Raphael J. Caprio, to assert that the County "has the capacity to fund a labor settlement with virtually no impact on residential property owners." Noting budgetary problems in 1994 and 1995, the PBA maintains that 1997 and 1998 present a brighter picture now that finances have been stabilized in the County. The solid ratable base, measured in aggregate true value, is noted along with a declining county government component of the overall property tax bill.

The PBA emphasizes the documentation of unit turnover to reveal a probability of continued cost savings due to "breakage", a term used to describe the savings generated by replacing departing employees with lower paid entry-level workers. It contends that a pattern of turnover is apparent and that the savings can be counted upon. Further, given the nature of this predictable savings, the County is said to lack justification for the additionally reduced compensation created by the extra salary step in future guides. The PBA believes that its proposed new lower starting rate,

without the addition of a step, is the more reasonable method for providing future cost savings.

The PBA claims that the offers of both parties "just barely cover the inflation rate of 3%." It points to personal income level trends to argue that the County's proposal will not truly keep pace with inflation. It further stresses that the mid-year nature of the County's proposed salary increases make it unreasonable in light of the cost of living data.

The PBA contends that the County's final offer will have a negative impact on the stability and continuity of employment. The proposed additional incremental salary step is regarded as a culprit in this contention. Employee morale is cited as a basis for the rejection of the County's offer under this eighth criterion. The PBA concludes that its final offer is the more reasonable.

County Arguments

The County contends that its final offer is more reasonable, under the statutory criteria, than the PBA's demands. Initially, the County discusses the priority to be given to the interest and welfare of the public in any interest arbitration. It focuses on the concept of balancing the need to satisfy employees' needs and to maintain a "stable level of government services." The specific relevance of the Cap Law is also noted.

Under the comparability criterion, the County points to trends in private sector wage rates, noting Bureau of National Affairs data that the Employment Cost Index for 1995 averaged a 2.9% increase for metropolitan areas and a 2.8% increase in the Northeast. It further contends that among unionized private sector workers nationally, collective bargaining agreements provided an average 2.5% wage increase in 1995, down from 3.0% in previous data. The County argues that its "proposed average 3.0% annual increase exceeds the national average wage increase

provided under collective bargaining agreements covering private sector unionized employees by 0.5% per year." Similarly, the County maintains that increases in the public sector, generally, demonstrate the reasonableness of its offer herein. Specific note is taken as to municipal employees in Philadelphia, Chicago, Detroit, Los Angeles and New York City. Contract settlements between the State of New Jersey and its unions are specifically relied upon for comparison.

The County uses comparisons with other law enforcement groups within Essex County government to argue that this unit of Sheriffs Officers is advantageously positioned. Specifically, it contends that the Sheriffs Officers 1994 maximum pay is \$1,260 (or 2.85%) above the maximum pay for Essex County Corrections Officers and \$3,293 (or 7.8%) above that for Essex County Police Officers.

Comparisons are also drawn with sheriffs officers in all the other counties in New Jersey. The 1994 maximum salary rate of \$45,505 is said to be sixth

highest among the 19 counties with available data. That 1994 maximum rate is represented to be \$5,421 (or 13.52%) above the average rate among all the counties. The starting rate is said to be the second highest. With respect to a benefits comparison, emphasis is placed on the annual educational stipend which is represented as the highest in the State. The safety stipend is also noted as a unique form of added compensation.

The County asks the Arbitrator to reject the PBA's comparability analysis because of its focus on municipal police departments. It urges a finding that the County's use of all counties in New Jersey is "a more reliable data comparison" than that offered by the PBA.

The lawful authority criterion is discussed including its specific reference to the Local Government Cap Law. The legal limitations to the use of emergency appropriations are addressed suggesting that such emergency appropriations in a setting such as this merely delay, rather than avoid, budgetary

implications. It is acknowledged that, after 1995, final appropriations were not extended up to the maximum allowed cap limit in order to avoid increased taxes.

In addressing the financial impact criterion, the County contends that its substantial budget deficit in 1995 "renders the traditional analysis moot." It insists that the record reveals no available funds for a 1995 wage increase and severe limitations with respect to 1996. The PBA's own expert witness is cited for supporting the foregoing propositions. Indeed, it is stressed that that witness was of the opinion that a 1996 increase would be reliant upon an emergency appropriation. The County asserts that the fiscal prudence established for 1995 and 1996 should not be abandoned.

The County points to a high tax rate and decreased ratable growth as significant factors under this criterion. The demographics of the jurisdiction is another factor relied upon by the County to suggest

that further tax increases are not justifiable on what is already the highest property tax rate in the State.

The County maintains that the cost of living criterion is supportive of its final offer. A continued period of low or moderate increases in the cost of living are said to be consistent with the County's package. Specifically, recent statistics from the U.S. Department of Labor indicating a 12 month period where the Consumer Price Index (CPI) increased at a 2.8% rate are presented for consideration. 1995 figures of a 2.5% CPI rise are offered as "the lowest increase in nearly a decade." The County characterizes its "average annual economic wage increase" as greater than increases in the cost of living.

The County claims that its final offer would best allow for the maintenance of a stable work force in the Sheriff's Department and throughout the County. It suggests that the PBA's position might require further personnel reductions hampering the ability to maintain continuity of employment in the work force. The County concludes that its final offer is more reasonable.

**ANALYSIS**

The statute which establishes the Arbitrator's jurisdiction in this matter requires that the Arbitrator must determine that the total net economic changes for each year of the contract are reasonable under the eight statutory criteria. While this legislative directive is set forth in the context of conventional arbitration, it seems similarly applicable where the parties have mutually agreed to the alternative of a final offer, total package, procedure. In this latter procedure the parties have limited the Arbitrator's authority to a selection of the more reasonable total package, rather than the flexibility of constructing the most reasonable result. However, it is only logical that a full determination of reasonableness, under all the criteria, is appropriate.

The dispute at hand presents a very well-defined and narrow set of differences. The only issues still in dispute relate to salaries and the greatest area of contention is limited to the dates of implementation

rather than the ultimate rates achieved within the life of the agreement. Additionally, there is a dispute as to the hiring rate for future employees and the length of the salary guide for those future hires.

The focal point for the analysis of salary disputes in law enforcement contracts is almost universally the maximum rate for rank and file officers, whether patrolmen in a municipal setting or sheriffs officers or corrections officers in a county setting. This is normally the modal (most common) salary rate in a department. The career commitment that most officers make to law enforcement causes this maximum rank and file officers' rate to be a stable and predictable measure of salaries. As noted earlier, the most significant element of disagreement between the parties in this interest arbitration is the implementation dates of the across-the-board salary increases. The narrowness of the dispute is best illustrated in the following chart of the progression of maximum salaries under the two offers:

	<u>County</u>		<u>PBA</u>	
1/1/95	45,505	0%	45,505	0%
1/1/96			46,415	2.0%
7/1/96	46,415	2.0%		
1/1/97			47,343	2.0%
7/1/97	48,736	5.0%	48,764	3.0%
1/1/98			50,227	3.0%
7/1/98	51,173	5.0%	51,231	2.0%

One can easily observe that as of July 1, 1998, only \$58 separates the two parties with respect to the maximum rate. This \$58 is simply a result of 0.12% additional rate generated by extra compounding in 1997 and 1998 under the split increases contained in the PBA's offer.

The dispute is so narrow, in fact, that it is somewhat bewildering that it was not possible to reach a voluntary resolution of the impasse. The statute is certainly designed to encourage and facilitate the voluntary negotiations process. It is not intended to replace collective bargaining; it is merely an extension of the negotiations process to provide finality for impasses in public safety employment

units. The parties' failure to resolve this impasse voluntarily was not for a lack of effort. A tentative settlement was reached and a Memorandum of Agreement was executed on August 29, 1996. This Memorandum was subject to ratification and approval by both parties; the PBA membership rejected the tentative settlement. Efforts to settle the dispute continued throughout the hearing process but the impasse persisted. The narrowness of the issues to be decided are not a result of the failure of the parties to respond to their negotiations responsibilities but, to the contrary, a result of tireless efforts that came up just a little short of success in resolving the impasse.

The net annual economic changes under the two proposals can be summarized in terms of both percentages and dollar costs. With respect to a percentage analysis, due to the variety of implementation dates of salary increases, the changes must be viewed in terms of both salary rate and payout cost increases. The County's offer (like that of the PBA) includes a 0% increase for 1995. In 1996 the County proposes a salary rate increase of 2.0% which

has a payout cost impact of 1.0% because it is to be effective on July 1st and would therefore apply to only one half of the year. For 1997 the County proposes a rate increase of 5.0%. The 1997 payout cost factor of the County's offer is 3.5%; the mid-year 5.0% rate increase generates a 2.5% payout while 1.0% from the previous July 1996 increase is realized as a payout cost in 1997 and must be added to the 2.5%, totaling 3.5%. In 1998, the County proposes another 5.0% salary rate increase having a payout value of 2.5% due to its mid-year effective date. The payout cost for 1998 under the County's offer is 5.0%, calculated by adding the 2.5% payout from the mid-year 1998 salary rate increase added to the 2.5% payout rolled into 1998 from the 7/1/97 rate increase. Finally, the County's offer rolls 2.5% of payout cost into 1999, a year beyond the duration of this contract.

The PBA's final offer begins with the same 0% increase for 1995 that the County proposed. In 1996, the January 1st effective date of the 2.0% salary increase causes that year to have both a rate and payout cost value of 2.0%. The PBA's 1997 position

includes a 2.0% increase effective 1/1/97 and a 3.0% increase on 7/1/97. This component has a rate increase of 5.06% and a payout cost value of 3.53%. The added 0.06% in the salary rate is generated by the compounding of the July increase on the one from January. The payout value is calculated by adding the full 2.0% from 1/1 to one half of the 3.06% (1.53%) implemented at mid-year, to reach the total of 3.53%. The 1998 component of the offer presented by the PBA has a salary rate increase of 5.06% (calculated just as in 1997) and a payout cost value of 5.56%. The payout value includes the full 3.0% from the 1/1/98 increase, 1.03% or one half of the 2.06% 7/1/98 compounded rate increase, and 1.53% which is a rollover cost, that payout portion of the 7/1/97 increase not realized until 1998. Finally, the PBA offer rolls 1.03% of the payout from 7/1/98 into 1999, the year following the duration of this agreement.

The following chart tracks a summary of the foregoing discussion of percentage net annual economic change:

	<u>County</u>		<u>PBA</u>	
1995	0.0%	rate	0.0%	rate
	0.0%	payout	0.0%	payout
1996	2.0%	rate	2.0%	rate
	1.0%	payout	2.0%	payout
1997	5.0%	rate	5.06%	rate
	3.5%	payout	3.53%	payout
1998	5.0%	rate	5.06%	rate
	5.0%	payout	5.56%	payout

The dollar, as opposed to percentage, analysis of the net annual economic change focuses solely on the payout cost components. The standard method for calculating these dollar values is to use the total salary base from a fixed point in time and carry that assumption forward for the changes proposed. This method ignores the effects of personnel changes, especially increases and decreases in staffing levels, therefore those effects must be considered separately. In the case at hand there is a 12/31/94 total unit

salary base of \$14,740,757 for 377 employees (203 of whom were at the maximum rate). For 1995 neither party is proposing any change in the salary schedule. The County's 1996 position has a payout dollar value of \$147,408 while the PBA's 1996 offer produces a payout calculation of \$294,815. The 1997 salary increases proposed by the County generate a payout calculation of a \$523,297 increase and the PBA's increase would payout \$530,756 over the prior year. Lastly, the County's 1998 offer would produce a payout cost increase of \$770,573 over the 1997 base for the same employee staff while the PBA's offer would generate an increase of \$866,638. The net annual economic change, as measured in payout dollar value increases applied to a constant work force, are summarized as follows:

	<u>County</u>	<u>PBA</u>	<u>Difference</u>
1995	0	0	0
1996	147,408	294,815	147,408
1997	523,297	530,756	7,459
1998	770,573	866,638	96,065

The remaining elements of the differences between the parties apply only to future hires, therefore those

net annual economic changes cannot be calculated on an objective basis. The proposed changes with respect to the starting rate and number of steps for Sheriffs Officers hired in the future must be analyzed in a subjective manner. Due to the obvious trends for some repeated measure of turnover in the bargaining unit, it is abundantly clear that both the PBA and County positions will generate cost savings of an immediate impact. The degree of immediate cost savings under the PBA offer is enhanced since it proposes an even lower starting rate, however, the duration and depth of the savings under County's offer is substantially greater in the long run due to the addition of a step to the schedule.

There is a payout cost factor in the 1995 contract year from the rollover of a July 1, 1994 salary rate increase in the last year of the prior contract. That 7/1/94 salary rate increase was 6.0%. The 1994 cost factor for that mid-year increase was 3.0% and the additional 3.0% appeared as a new cost in 1995. An examination of the context of that mid-year raise strongly suggests that it was implemented to ease the

cost impact of the 1992-1994 contract on the Employer's budget. The 1992 salary increase was implemented on January 1st but then the next salary increase did not take place until 18 months later, 7/1/93. The pattern of increases: 1/1/92; 7/1/93; and 7/1/94; appears to provide the County with some payout cost containment within that contract term, with some new cost implications for the 1995 budget. The Arbitrator must acknowledge that this cost factor exists within the term of the contract at issue.

The PBA, at page 22 of its brief, suggests that the County's offer is truly only 6% over four years. Specifically the following is stated:

The County's proposal is effectively a zero increase in 1995. A 1% increase in 1996, a 2.5% increase in 1997 and a 2.5% increase in 1998. The actual result is 6% over the four contract years.

This characterization is skewed and quite misleading. It is arrived at by focusing solely on the payout costs in each year independently. However, any accurate analysis of payout costs must account for the new impact of increases in the rollover year if they are

discounted in the calendar year of delayed implementation. Using, for example, the 1997 proposal by the County, a 5% increase effective July 1st, one can discount the 1997 payout cost by one half because it is only paid for the second half of the year. However, the other half of the increase is realized, in fact, as a new payout cost in the subsequent year. Therefore, if the PBA wishes to accurately represent the actual full picture of payout costs in the life of the proposed contract under the County's offer it would have to include the rollover payouts from the 7/1/94, 7/1/96 and 7/1/97 increases. That would be an additional 3.0% in 1995, 1.0% in 1997, and 2.5% in 1998. The actual result under the PBA's methodology should be a calculation of 12.5% over the four years.

The next cost area requiring analysis in advance of the application of the statutory criteria is the impact of incremental step movement on the salary guide independent of any negotiated increases to the guide. The cost of increments is a budgetary reality and they must be considered along with all other costs as part of the analysis of the costs to the employer,

especially as applied to the public interest, lawful authority and financial impact criteria. However, there is an element of the salary step system which is designed to assist the employer and it cannot be ignored. The incremental step system allows an employer to delay the achievement of the journeyman or maximum in-grade rate for a period of time. Presumably this is a time frame related to the employee's training and gaining experience on the job. The number of years which it takes to achieve the journeyman or maximum rate may no longer correspond to attaining journeyman skills, it may now represent an established salary cost containment structure. Consider, for example, that the County seeks to extend the length of the guide for future hires in this contract to save future costs. In a truly objective analysis, incremental costs must be acknowledged as both a cost and a savings to the employer.

A superficial examination of the incremental steps herein and the advancement of employees on their anniversary dates suggests a dramatic cost associated with the step system. The 1995 incremental movement is

calculated at \$645,912, or 4.38% of the 12/31/94 total base salary for the bargaining unit. The 1996 increment generates a cost calculation of \$638,676 and the 1997 incremental cost is computed at \$606,980. These figures represent the calculation of the movement of personnel on the salary guide and the obvious conclusions cannot be viewed without concurrent recognition of the impact of other personnel changes. Specifically, it is significant to observe that although the 1995 incremental cost was calculated at \$645,912 over the 12/31/94 total base salary of \$14,740,757 for the entire unit, the 12/31/95 total base salary for the unit is actually lower than that of the year before at \$14,731,676. This is because the unit had experienced turnover and a slight reduction in force saving the County substantial salary costs. Incremental movement is considered in this arbitration process because it is a real cost to the employer; similarly, savings generated by turnover, reductions in force or other personnel changes must be considered. The incremental costs for 1995 appear to have been fully offset by the aforementioned turnover. In 1996, the yearend total base salary reveals that more than

half the 4.33% cost of increments was offset. For 1997, it must be projected that a substantial portion of the \$606,980 will be offset by what appears to be a structural turnover experience. The evidence of increment costs in this record are carefully considered within the proper overall context of their impact on the budget.

The **public interest** criterion is one that requires consideration in every interest arbitration; this case is no exception. With respect to the issues presented herein, it is important to note that the public has a substantial interest in the County's ability to meet the service needs of the Sheriff's Department within the reasonable confines of the overall county budget. There is considerable evidence in this record that the Sheriff's Department provides extensive services to the public in a wide variety of contexts. These services include the normal functions for such a department: courtroom and courthouse security, transportation of inmates and prisoners and process service. Additionally, this department provides services to the community and other law enforcement agencies (including

municipal police departments) which are notable, including: a bureau of criminal identification, narcotics squad, a K-9 unit, and a detective bureau. The K-9 unit of nine dogs includes bloodhounds and performs bomb, arson and drug detection. The detective bureau deals with fugitives, domestic relations cases, restraining orders and juveniles. The specialized services provided, especially to the extent that they provide municipal departments with an efficient source of specially trained assistance, are clearly in the interests and welfare of the public.

There is an undeniable public interest in the continued provision of important services within reasonably affordable costs. The issues for consideration in examining that delicate balance include the importance of maintaining a competitive compensation package for employees balanced against the need for fiscal responsibility.

The public interest in maintaining a competitive compensation package is founded in the return received from being able to attract and retain a skilled work

force. The retention of experienced and skilled officers promotes efficiency and reduces the cost of training new employees. It enhances the department's ability to perform its public services effectively. Further, the competitive compensation of employees is likely to support a higher level of morale which frequently translates into better work and service.

Fiscal responsibility is also extremely important to the interest and welfare of the public. If a budget is allowed to get out of proper balance it can cause the curtailment of important services. Should the cost of certain services rise to a level out of proper proportion budgetary constraints may require the elimination or reduction of public services in that or a different area.

The record in the case at hand establishes, with remarkable clarity, that entering 1995 the County of Essex faced budgetary constraints of unparalleled proportions for any jurisdiction within the State of New Jersey. The Assistant State Treasurer for Local Government Affairs, Lou Goetting, testified that a

structural deficit resulted from past reliance on fiscal year adjustment bonds to finance recurring operating expenses. He characterized that very serious situation as one experienced by no other public entity in the State. This witness identified a set of solutions that included a dramatic reduction of the work force, benefit savings and State support for deferred charges and refinancing in an unprecedented second issuance of adjustment bonds at lower interest rates. The State performed an analysis of salaries and benefits and found that certain actions were required given the magnitude of the County's budget problems. These actions included: a hiring freeze; layoffs; health benefit plan changes; wage freezes; privatization of certain functions; and abandoning some services. The intent of this comprehensive plan was to achieve solvency by 1996 but the goal was not fully met. Further deferral of State obligations were required and the entire program was described as "extremely fragile", with concern that the failure of any single element could cause the entire approach to falter.

Both parties acknowledge that there were no available funds for negotiated salary increases in 1995. That budget was not balanced; the County overspent and cannot spend further because no funds are available. Goetting testified that the 1996 budget presented elements difficult to achieve and expressed concern over the impact a wage increase in that year might cause. The County's Acting Budget Director, Paul Hopkins, testified that representations were made to Moody's that no 1996 wage increases would be granted in order to protect investment grade ratings on the County's bonds.

The PBA presented expert testimony in its rebuttal case from John Laezza. This witness recognized the fact that no money was available for salary increases in 1995. Further, he testified that the 1996 budget reduced reliance on one-time revenue sources and that the budget was "now on an even keel." Laezza expressed the opinion that the County's 1996-1998 financial outlook was more positive. He gave the opinion that the County could fund "nominal" salary increases beyond 1995. On cross-examination, Laezza stated that any

opinion as to a 1996 salary increase was based on the County's ability to make an "emergency appropriation" in 1996 (to cover the 1996 increases) which would be funded in 1997.

The public interest criterion expressly includes consideration of the limitations imposed by the Cap Law which, as applied to County governments, limits the annual increase in the tax levy. The Cap Law is of little relevance with respect to the 1995 budget since there is uncontroverted evidence that there are no 1995 funds available for a salary increase irrespective of the Cap Law limitations. Somewhat similarly, the budget for 1996 has been struck and the tax rate set for some time, the Cap Law is of little significance for that year because there is no lawful way to increase the 1996 tax rate at this time. It is noteworthy that the 1996 budget was under the Cap Law limits creating a Cap bank carried into the 1997 budget year. It appears that the Cap Law does not present a structural limitation in this case for the last two years. The expert testimony of both sides establishes that the taxing issues are not whether the law would

restrict the necessary tax levy to fund the budget under either proposal but whether the governing body, as a matter of policy, determines to even raise taxes to the lawful limits. The fact is that the taxes were not raised to the Cap Law limits in 1996 and that there is no indication (especially when the cap bank is considered) that the Cap Law presents an obstacle for 1997 or 1998.

A comparison of the final offers of the two sides reveals that they both recognize the necessity to balance the importance of a competitive compensation package against the need for fiscal prudence. The two offers are conceptually similar and quite close in value and cost. The PBA is credited with recognizing the absolute unavailability of funds for 1995 and the very limited resources for 1996. The 0% increase proposed by the PBA for 1995 is reflective of the careful consideration that it gave to the formulation of its final offer. The 2% increase retroactive to 1/1/96 is well below "market" rates and additionally indicative of the PBA's responsible efforts in negotiations. The County too must be credited for its

efforts to keep the salary rates competitive after the minimal increase available under the initial two years of the contract. The County structured its mid-year salary increases in order to maximize the rate value by deferring the full cost impact. The 12% rate increase experienced over the 4 years of the contract is an effort to stay close to the range of settlements despite the most drastic of financial limitations in the first part of the contract period. The 5% salary rate increases in 1997 and 1998 should provide a certain measure of "catch-up" for the shortfall experienced in 1995 and 1996.

The fact is that in July of each year of the contract the salary rates of the two parties' proposals are virtually the same:

	<u>County</u>		<u>PBA</u>	
1/1/95	45,505	0%	45,505	0%
1/1/96			<b>46,415</b>	2.0%
<b>7/1/96</b>	<b>46,415</b>	2.0%		
1/1/97			47,343	2.0%
<b>7/1/97</b>	<b>48,736</b>	5.0%	<b>48,764</b>	3.0%
1/1/98			50,227	3.0%
<b>7/1/98</b>	<b>51,173</b>	5.0%	<b>51,231</b>	2.0%

The differences exist only during the first six month period of each of the last three years of the agreement. The \$58 variation in the maximum rate at the end of the contract is only a function of an added 0.12% as a result of extra compounding in the PBA's proposal. On a long term basis, the County's offer is just as competitive as that of the PBA. The only differences are short term payouts; these differences should not have a significant impact on the public interest because the long term ability to attract and retain skilled sheriffs officers is virtually the same under both final offers.

While both offers present the same long term competitive compensation structure, the County's offer contains a considerably more moderate cost impact. The salary cost implications for base salary alone reveal the following cost differentials:

1996 -	\$147,408
1997 -	\$154,866
1998 -	\$250,931

These differences in the added cost of the PBA's offer are greater than those reflected in the earlier

discussion of the net annual economic changes because the difference in the second year, for example, is built into the base and repeated as part of the base cost in the third and fourth years. The budgetary implications are meaningful, over \$550,000 of additional costs in the last three years of the contract.

The testimony of Lou Goetting must be reiterated with respect to the "fragile" nature of the restored solvency of the County's budget. The additional costs generated by the PBA's offer raise significant concerns. From the public interest perspective, these costs may enhance worker morale but they would not provide any meaningful improvement in the County's ability to hire or retain qualified and skilled officers, since the County's own offer eventually reaches the same compensation levels. The County's ability to offer a package herein that does not sacrifice the long term competitive standing of the compensation plan, provides enhanced salary rate increases in 1997 and 1998 (albeit delayed in implementation), and structures the various payouts to

moderate the budgetary impact of the costs, must be found to be the more reasonable position under the public interest criterion. The PBA presented an offer that was within a reasonable range, however, the County's offer was simply more reasonable under this criterion.

A final element of the dispute, the parties' differences as to the salary guide for future hires must be analyzed under the public interest criterion. The County has sought to create a new salary schedule for officers hired after the execution of the contract. That salary guide would have one additional step and a somewhat reduced starting rate but would eventually bring all unit members to the same maximum salary as current employees. The Arbitrator does not find the additional step to be in conflict with the public interest. It would still keep the salary schedule reasonably competitive with other sheriff departments; the extra year to reach maximum will provide some future cost containment for the County without hurting its ability to recruit new officers. The key element in finding no conflict with the public interest is that

the new guide will still lead to the same maximum rate. It will not truly create a two-tiered salary structure because the two schedules ultimately merge at the top. Two-tiered salary structures can be detrimental to the public interest to the extent that they may cause internal strife in the department and may create an impression of inherent unfairness that could cause decreased morale and work efficiency.

The parties have presented a broad spectrum of comparative data relevant to the **comparability** criterion. The measures of comparison form a range including: municipal police departments within Essex County; law enforcement units in Essex County government, other units of employees in Essex County government; law enforcement units in other county governments in New Jersey; the State of New Jersey and the C.W.A.; the City of New York and several bargaining units; the City of Philadelphia and several bargaining units; other public sector employees, generally; and private sector employees, generally.

The initial focus of the PBA in the comparisons that it draws is toward municipal police departments within Essex County. This is a comparison of some value but its weight must be limited by several factors. Similarities exist in terms of certain departmental functions, especially in Essex County where sheriffs officers perform some police functions frequently performed at local levels such as detective, juvenile and domestic relations duties. Further, the special support services provided to local departments such as criminal identification and K-9 justifies the comparison. This comparison group is also relevant because the officers, whether sheriffs or local police, are drawn from the same geographic employment pool. Additionally, each of the municipal jurisdictions shares a portion of the same tax revenue sources, local property taxes, as the County. The impact of the comparison must be tempered by the degree to which the jobs of police officer and sheriffs officer differ. The local patrol responsibilities of the municipal police officer vary greatly with the courthouse security and process service duties of the sheriffs officer. There are wide variations in work schedules

and shifts between the two groups. Finally, county law enforcement salary and benefits packages have traditionally been compared more to other county units in the same or comparable counties than to municipal police units. There are typically wide variations in the compensation packages for local police from those of law enforcement units at the county level.

Having pointed out the positive and negative elements of comparisons with municipal police it is of some value to examine the comparisons in the case at hand. Exhibit P-28, Section P, reveals that the 1994 maximum rate for this unit was highly competitive with municipal police officers in Essex County. The top rate for sheriffs officers of \$45,505 is slightly above the average for municipal patrolmen, \$45,453. However, it ranks above the median between the 9th and 10th departments of the 23 local rates in the record. Of course, under either final offer herein, there will be a dramatic shortfall from the salary rate increases realized at the local level for 1995 and 1996. The 1995 data for 22 communities includes a range of settlements from 4.0% to 6.0%, with the average

increase a little over 5% and the average dollar value of that increase at \$2,345. Exhibit P-28, Section R, provides data as to 14 municipalities settled for 1996. The range of settlements in that group is from 4.5% to 7.1% with an average a little over 5% as well. There can be no doubt that the municipal police salary rates in Essex County will outpace this unit during the 1995 and 1996 contract years due to the severe impact of the budget crisis at the County.

It must be noted that the 5% rate increases for 1997 and 1998 in both final offers should allow this unit to recoup some of that shortfall. The 1996 data reflects a downward trend in negotiated salary increases. For the first time in the five years of data on this record, the number of increases below 5% are greater than those above 5%. Indeed, 7 of the 13 jurisdictions represented in the exhibit negotiated settlements between 4.5% and 4.75%. Under the trend reflected in the PBA's data, the 5% rate increases in the final two years of this contract will almost certainly exceed the increases negotiated in most municipal jurisdictions.

The PBA draws a specific comparison with 5 municipalities within Essex County that have been designated as "distressed cities", Belleville, Bloomfield, East Orange, Irvington and Newark. It tracks the salary rate increases for police officers in those cities from 1993 through 1997. The fact that these jurisdictions also have substantial fiscal problems gives this comparison added relevancy for the case at hand. The data for 1995-1997 establishes a range of salary increases from 3.5% (1996 in Bloomfield) to a high of 6% (1995 in East Orange).

	1995	1996	1997
Belleville	4.5%	5.0%	
Bloomfield	5.25%	3.5%	4.5%
East Orange	6.0%		
Irvington	5.0%		
Newark	5.25%	5.5%	5.5%

Law enforcement salaries in these cities have continued to be remain competitive with other jurisdictions despite severe financial difficulties.

The internal comparison with other law enforcement units in county government in Essex County are

particularly relevant. As with the unit at issue herein, the corrections officers unit and the county police unit are working under 1994 salary rates from their previous contract as they pursue successor agreements. The 1994 maximum rate comparison reveals the following:

Sheriffs Officer -	\$45,505
Corrections Officer -	\$44,245
County Police -	\$42,212

The record includes a full profile of the compensation package for the investigators in the County Prosecutors office except that the maximum salary rate is not identified. The PBA makes the uncontradicted assertion that the pay levels for those investigators is above the other three groups, above. In the absence of any contention of that assertion, it is accepted by the Arbitrator. It is the norm in county law enforcement for the detectives and investigators in the prosecutors office to be more highly paid than other county law enforcement units such as sheriffs, corrections or county police.

The PBA unit members compare favorably to the other law enforcement units in Essex County with respect to the maximum salary rate. It must be noted that there are significant monetary stipends and benefits that vary from unit to unit which were implemented to reflect a variety of job responsibilities. Therefore the overall compensation packages of all the law enforcement units is somewhat enhanced above the base salary figures noted above. This record contains no evidence to suggest any imbalance among the law enforcement units in the County; the moderate variations that exist probably reflect a practical side of differences in job duties and should not be altered without specific evidence that such changes are warranted.

The PBA provides evidence (Exhibit P-28, Section W) that there are quite a few non-law enforcement units in County government which received salary increases for 1995, the year for which both parties herein propose no increase. The comparable relevancy of other negotiations units with the same employer are quite obvious, but the shared funding

source and tax structure is of particular note. This internal comparison is relevant and worthy of some consideration herein. However, units represented by IUOE Local 68, IBEW Local 1158, the CWA, OPEIU Local 32, and AFSCME Local 1247, all received 5% increases for 1995 in the final year of three year agreements. It is quite obvious that the 5% increase negotiated for 1995 was settled at a time prior to the discovery of the extreme fiscal problem which surfaced entering the 1995 budget year. The significance of any comparison with those negotiated agreements must be placed in context: it shall be substantially tempered by a recognition of the dramatic change in the financial perspective from the time the 1993-1995 contracts were negotiated to the present.

The base year, 1994, comparison with all other county sheriffs officers units (Exhibit E-1, Section 5) reveals that this unit's 1994 maximum salary rate (\$45,505) is well above the average for the State (\$40,084) ranking sixth among the 19 counties listed. The minimum salary is near the top in 1994. The record includes comparisons with sheriffs officers in other,

selected counties with data beyond 1994 which establish that the salary levels in Essex are not leading the way nor are they trailing the norms. These jurisdictions are selected because they are larger counties in terms of population (Essex is second only to Bergen in population) and they are located in the northern half of the state. Some share the mixed urban-suburban characteristics of Essex and in all counties the most prominent elements of the sheriffs officer job are quite similar. Consider the following data as to maximum salary rates:

County	1994	1995	1996	1997
Union	\$44,125	\$45,228		
Middlesex	44,369	47,070		
Morris	45,907	48,179		
Bergen	53,947	56,375		
Monmouth	44,935*	46,957*	\$49,070*	\$51,278*
Ocean	48,000	50,000	52,500	52,500+

\* The Monmouth rates are "off-guide", guide max=\$45,000

As with other comparisons, the relatively good salary position in 1994 will somewhat erode in 1995 and 1996 due to the necessary response to the budgetary crisis. Once again, it is predictable that the rate increases of 5% for 1997 and 1998 will begin a restoration of the lost comparative position.

Exhibit E-1, Section 2, provides the details of the negotiated agreement between the State of New Jersey and the C.W.A., covering the largest unit of organized State employees. The salary increase elements of that settlement can be summarized as 0% increase in the first two years of the contract (there was a bonus payment not added to base), with a 2%/1% split increase in the third year and a 2%/1.25% split increase in the final year. While there are substantial differences between the negotiations for that unit and the one at hand, the comparison is worthy of consideration under the statutory criteria.

Similarly, evidence as to negotiations between the City of Philadelphia and its police union, the F.O.P., and municipal workers union, A.F.S.C.M.E., is set forth

in Exhibit E-1, Sections 3 and 4. Those contracts provide for 0% increases in the first two years (1993 and 1994), a 2% increase in 1995 and a 3% increase in 1996. The settlements between New York City and several of its bargaining units are presented in that same exhibit revealing a wage freeze for the first two years of a five year contract from 1995 through 1999. There will be a 13% negotiated wage increase spread over the last three years of the contract.

The Philadelphia and New York experiences are illustrative of a standard method for balancing a need to maintain competitive compensation in an atmosphere of severe budgetary restrictions. It is not uncommon under such circumstances to combine a short term wage freeze with "backloaded" efforts to enhance salary levels. Both offers herein reflect just such an approach; the County's offer simply provides greater short term cost containment than the PBA's offer.

The record includes other evidence as to public and private sector wage negotiations, generally. It is quite clear that both final offers are within the

reasonable range of parameters reflected by that evidence. This general information does little to separate the differences between the two parties, therefore it is accorded little weight in the ultimate determination herein.

The parties have presented evidence allowing for a comparison of benefits as well as wages. There are some elements of the benefit package comparison that warrant particular note. The longevity benefit found in Article XXI of the parties collective bargaining agreement limits eligibility for payments to employees on the payroll as of December 31, 1974. Therefore comparisons with other units on the basis of salary must be made with the understanding that this unit does not enjoy that compensation additive frequently found in law enforcement contracts. For example, of the six other county sheriffs units examined, four provide longevity benefits and two do not. Twenty-two municipal units in Essex County are shown to have longevity compensation.

The absence of longevity benefits for most unit employees is offset considerably by the presence of an educational increment of substantial value. This benefit is paid as an annual stipend, \$3,331 for 60 completed credits and \$1,665 for 30 completed credits. 155 unit members receive the education increment, most at the \$3,331 level. The \$150 annual safety stipend is a compensation factor unique to Essex County which provides this unit with some added comparative value. Vacation, holiday and personal leave benefits fall within an established normal range at any measure of comparisons.

There are elements of the comparability criterion supporting both final offers. The PBA presents compelling arguments that clearly document the lost standing that the 1995 and 1996 salary situation will cause. That comparative shortfall will occur under either final offer. The County persuasively establishes that its approach is not unique for a fiscal crisis such as the budgetary problems experienced during this contract term. On balance, this criterion weighs more favorably toward selection

of the PBA's final offer, however, both offers are clearly reasonable under the comparability criterion.

The **overall compensation** criterion reveals that the existing set of terms and conditions of employment enjoyed by the sheriffs officers is reasonably competitive. It does not have glaring inadequacies in need of special attention nor does it provide an unreasonably rich compensation package. As discussed earlier, the salary component is competitive but not nearly at the highest level. The relative ranking of salary will suffer to some degree under both final offers due to the fiscal exigencies, however, the rate increases in 1997 and 1998 in either final offer will start to repair any loss of standing.

The most obvious common benefit not present in the overall compensation for this unit is longevity. That is a standard component of most law enforcement contracts and its absence here is noted. However, the "grandfathered" longevity benefit found in the contract for employees on the payroll as of December 31, 1974,

is clear evidence that there is a bargaining history to the absence of the benefit for most unit members. The existence of that bargaining history is important because this is not an instance where the lack of longevity benefits is a result of a failure to ever secure them; there is direct documentary evidence that the absence was embodied in a contract agreed to by the PBA. This benefit was likely negotiated away and one cannot be sure what, if anything, was received in exchange. The absence of longevity benefits herein is simply not the same as if they had never existed.

Another aspect of the overall compensation worthy of particular note is the relatively high level of educational benefits. This "increment" worth \$3,331 for 60 completed credits and \$1,665 for 30 credits is a substantial measure on income. As previously noted it is received by a considerable number of the officers. The Arbitrator must comment that there may be a meaningful return to the employer (and the public) in terms of the incentive this educational increment provides for employees to further their education and training. The \$150 safety stipend is a compensation

factor that is quite unique and it must be recognized as part of the overall level of compensation.

The vacation, personal day and holiday components are most unremarkable. In each of those categories the level of benefits is quite mainstream. Nothing about these provisions presents a demonstrated need to enhance or reduce the benefits.

The overall compensation criterion reveals a salary and benefits package which has some elements which are divergent from the norms but taken as a whole represents a standard, competitive set of terms and conditions of employment. Because of this balance, this criterion is not determinative in deciding which of the two final offers is more reasonable; they are equally reasonable under the overall compensation criterion.

The **stipulations of the parties** criterion is not relevant to the determination of the more reasonable final offer herein. Although the parties entered into certain stipulations during the hearing process (e.g.

that particular witnesses were qualified as experts) these stipulations were all procedural rather than substantive in nature. The stipulations, in and of themselves, provide no basis for determining which offer might be more reasonable.

The **lawful authority** criterion expressly requires consideration of the local government Cap Law. In the case at hand, the Cap Law presents no obstacle for either final offer. The one year in issue for which the Cap Law would have substantial impact is 1995. For that year, neither party has proposed any salary increase. While the evidence established that there was no flexibility under the Cap Law for 1995, both parties have responded responsibly in recognition of that fact. The record reveals that the County did not use the full measure of the Cap Law levy limits in its 1996 budget. Therefore, the lawful authority is not problematic for that year under either proposal. Further, the amount of the levy under the Cap Law limits for 1996 (\$17,000,000) is preserved as a cap bank, available to expand the 1997 levy, if necessary.

There is absolutely nothing in this record to suggest any lawful limitation to the employer's authority to implement either final offer. The Arbitrator points out the distinction between the discretionary policy determination as to the appropriate level of taxation and the lawful authority element preventing an employer from taxing at particular levels as a function of statute.

Under the Cap Law, both final offers are reasonable in the case at hand. Furthermore, there are no other lawful authority issues presented by the record at hand. From the perspective of the lawful authority criterion, the two final offers are indistinguishable; this criterion shall not be a determinative factor in deciding which final offer is the more reasonable.

The **financial impact** criterion is a very significant factor in the case at hand. As previously discussed, the County is emerging from a fiscal crisis of unparalleled proportions in the State of New Jersey.

Drastic measures were enacted in order to protect the County's ability to balance its budget and achieve financing in the lending marketplace. Among the measures enacted were the layoffs of a large block of the County work force, the cessation, revamping, or privatization of certain services, the sale of County property and the refinancing of County debt. The County's bond rating dropped but an investment grade rating was preserved.

Exhibit P-28, Section E, reveals that the County has among the highest property tax rates in the State. Specifically, the 1995 total equalized property tax rate of 2.97 is the second highest among all 21 counties. Only Hudson County has a higher total rate. Further, only Camden County is in the same general range of the Essex rate. The State-wide average total equalized rate is 2.35; the Essex rate is 26.4% above average. With respect to the county component of the total property tax rate, Essex is once again at the high end of the scale. Its .70 rate is surpassed only by Camden, Cumberland and Salem Counties. Dramatically, the county portion element in Essex is

48.9% above the .47 state-wide average rate. The PBA presented expert witnesses who testified that among the fiscal errors the County has experienced is an under-taxing, artificially reducing revenues below proper levels. That opinion evidence is simply not persuasive in light of the property tax rate evidence. It should be noted that the tax rate observations noted above for 1995 are fully consistent with the evidence available for 1993 and 1994 as well. The high tax rate levels are not a momentary blip, they appear to be historical and perhaps structural.

Evidence of a declining taxable net valuation leads to a conclusion that the tax rate pressures are not likely to be easily relieved. An erosion of the tax base places greater pressure on the rate in order to generate the same or a higher dollar amount of tax levy. Evidence of the very high incidence of tax abatement programs in Newark, the County's largest municipality and commercial center, further complicates the tax picture.

Neither party introduced evidence as to a comparison of the percentage of the county purposes element of the tax rate would be required to fund the contract herein for any given year. The amount of the total budget which relates to compensation for this bargaining unit is relatively small and it cannot be said that the funding of either offer is likely to require any change in the tax rate.

Once again the Arbitrator must return to the expert testimony of Lou Goetting who expressed concern over the fragility of the budgetary repairs in Essex County's financial plan. While the offers herein both address the long term need for competitive salary rates, the more moderate short term costs of the implementation dates proposed by the County appear more reasonable under the financial impact criterion. That moderate approach is less likely to cause reductions in services or new budgetary problems. The County's final offer is found to be more reasonable under the financial impact criterion.

The **cost of living** criterion reveals that both final offers are within a very close range of current trends in the cost of living as the U.S. Department of Labor measures it in the Consumer Price Index. Both offers represent approximately 12% salary rate increases with some added compounding over four years duration. The national and local CPI increases have been at a slightly lower range than 3% annually for an extended period of time. Specifically the June 1995 to June 1996 national and New York/Northern New Jersey CPI figures rose 2.8% (Exhibit E-1, Section 7). Similarly, the national figures ranged between 2.5% and 2.9% for various 12 month periods over the last several years, while the New York/Northern New Jersey index increases fell between 1.9% and 3.5%.

Even without a salary rate increase in 1995 due to the absolute lack of funds, the four year packages of both parties keep pace with the average increases in the cost of living. It cannot be said under the cost of living criterion that one of the two offers herein is more reasonable than the other. They are both quite reasonable in light of that criterion. The cost of

living criterion cannot be a determinative factor in the case at hand.

The eighth statutory criterion relates to **continuity and stability of employment** and other factors which are ordinarily and traditionally considered in the determination of terms and conditions of employment. Continuity and stability of employment are important in this law enforcement unit because there is an increasing demand for the functions performed by unit members as criminal court and other related activities increase. The Arbitrator finds that both final offers are reasonable when viewed in light of the importance of continuity and stability of employment. Both final offers seek to maximize the competitive nature of the salary rates despite difficult budgetary times. The deferred implementation of salary increases in both packages reflects a similar philosophy of gaining the greatest possible rate increase under the funding available on a short term basis. The parties simply disagree as to the extent of the short term funding limitations. The key factor

under this criterion is that both parties reach virtually the same salary rates effective July 1, 1998. That is significant in that the ultimate rate is the factor most likely to affect the continuity and stability of employment. Short term payouts are less likely to cause turnover if the ultimate rate will be achieved in the near future.

A substantial difference between the parties is the issue of the length of the salary schedule for future hires. The PBA suggests that this might negatively impact upon the continuity and stability of employment. The Arbitrator cannot agree. The new, longer guide will not affect any current employees; anyone affected will be aware of the situation upon taking the job. Further, it will not establish a true two-tiered system (as discussed earlier) because the two guides will have the same maximum salary. It will only take one extra year to get there. Additionally, the extra incremental step will still leave the guide for this unit shorter than most of the sheriffs officer units in the State. There is no convincing evidence

that adding an additional step for future hires will have any adverse impact.

The final offers of both parties are reasonable under the eighth criterion. Neither is likely to impact negatively on the continuity and stability of employment. Neither final offer can be said to be more reasonable than the other under this criterion either. Therefore the eighth criterion is not a determinative factor in deciding which of the two final offers is the more reasonable.

In consideration of all eight statutory criteria, the Arbitrator must decide that the final offer economic package proposed by the County is the more reasonable. It must be emphasized that it is the more reasonable of two packages which are both within an acceptable range. Both parties presented a responsible approach to resolving this dispute, however, when forced to make an absolute determination, the Arbitrator must select the County's offer under the statutory criteria. Although the comparability

criterion weighed somewhat in favor of the PBA, the public interest and financial impact criterion were worthy of the greatest determinative weight and they supported selection of the County's offer. That was at least partly true because the County's offer strongly addressed the comparability issues as well. The only differences in the two offers were felt in short term payouts rather than the salary rates achieved. The downside budgetary risk to the County and the community of the increased short term costs simply justifies the six month delays in the effective dates of certain salary rate increases.

The fiscal elements of the case presented by the County were particular dramatic and very persuasive. This was not a case of an employer making a plea of an exaggerated budgetary problem which it may or may not be able to substantiate. This is an evidentiary record where the financial difficulties were convincingly documented and further explained in detail through very credible and compelling testimony.

In conclusion, the final offer of the County is the more reasonable economic package under consideration of the eight statutory criteria. The implementation of that final offer economic package shall be ordered in the Award herein as the resolution of all issues in dispute at interest arbitration.

**A W A R D**

For the foregoing reasons IT IS HEREBY ORDERED that all issues in dispute in the interest arbitration at hand shall be resolved through the implementation of the final offer economic package presented by the County of Essex. Specifically, that final offer economic package is as follows:

Duration: 1/1/95 through 12/31/98

Salary increase (across the board)

Effective 1/1/95 - 0

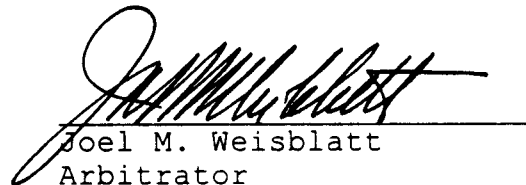
Effective 7/1/96 - 2% (payable 1/1/97)

Effective 7/1/97 - 5%

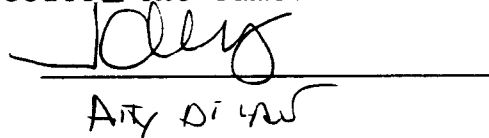
Effective 7/1/98 - 5%

Effective upon the execution of the contract, the starting salary for new hires would be reduced to \$26,000. The salary guide for the new hires would be increased in length by one step and the steps would be calculated to remain equidistant.

Dated: January 31, 1997  
Princeton, N.J.

  
Joel M. Weisblatt  
Arbitrator

On this 31st day of January, 1997, before me personally came and appeared Joel M. Weisblatt, to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed the same.

  
Notary Public