

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between:

TOWNSHIP OF LITTLE EGG HARBOR

“Public Employer,”

- and -

**POLICEMENS BENEVOLENT ASSOCIATION,
LOCAL 295**

“Union.”

**INTEREST ARBITRATION
DECISION AND
AWARD**

Docket No. IA-2020-007

**Before
James W. Mastriani
Interest Arbitrator**

Appearances:

For the Township:

Brian K. Wilkie, Esq.
Citta, Holzapfel & Zabarsky

For the PBA:

Christopher A. Gray, Esq.
Frank Cioffi, Esq.
Sciarra & Catrambone, LLC

This Award arises out of an impasse between the Policemen's Benevolent Association, Local 295 [the "PBA" or "Union"] and the Township of Little Egg Harbor [the "Employer" or "Township"]. Their current collective negotiations agreement expired on December 31, 2018, and they have been unable to reach a new agreement through voluntary, direct negotiations. In accordance with N.J.S.A. 34:13A-16(e)(1), and pursuant to an interest arbitration petition filed by PBA Local 295, I was randomly selected by the New Jersey Public Employment Relations Commission ["PERC"] on January 14, 2020 to serve as interest arbitrator.

I conducted two pre-interest arbitration mediation sessions with the parties on February 7 and 26, 2020. Despite the efforts of the parties, they were unable to reach a voluntary agreement during mediation. This required the development of a formal record leading to an Award. Due to the declared State of Emergency in March, the process could not go forward in the timely manner contemplated by statute and caused the cancellation of hearing dates. After a temporary cessation of the process, the parties agreed to a schedule enabling them to submit their presentations through exhibits, financial reports and argument. The documents include expert reports on the Township's finances from PBA financial expert Raphael J. Caprio, Ph.D., and the Township's financial expert, Chief Financial Officer Rodney R. Haines. In addition, a report on insurance issues was provided by PBA health insurance expert Dominick Fanuele. This process

required time periods to be set beyond statutory direction in response to the State of Emergency and received PERC approval. The Township and PBA each filed post-hearing briefs which were transmitted to the parties simultaneously by the arbitrator upon their receipt.

FINAL OR LAST OFFERS

As required by statute, each party submitted its last or final offer to each other and the arbitrator. They are as follows:

PBA LOCAL 295

1. Term of contract
 - a. 5 years. January 1, 2019 – December 31, 2023.
2. Salary
 - a. 3% per year across the board on each step of the salary schedules with annual step movement.
 - b. Proposed new salary guides with the merger of the two existing salary schedules into one.
3. Healthcare
 - a. Enroll in State Health Benefits Base Plan Direct 10/20 or 20/30.
 - b. Reduce Chapter 78 benefits to tier or year three in 2020 and to tier or year two in 2021.
 - c. Township to pay Medicare Part B for all retirees.
4. Incorporate Stipulations into the Award

THE TOWNSHIP

The Township offers to maintain the salary step system with step movement for each contract year and add an additional percentage increase to each step of the salary schedules in the amounts of 0% in 2019 and 1.5% in 2020, 2021, 2022 and, 2023. It proposes the same 5 year duration of contract as proposed by the PBA. It rejects all other proposals.

BACKGROUND

This impasse arises in Little Egg Harbor Township, an Ocean County municipality. It has a total area of 73 square miles, 25 of which is water. The Township is unique in that it completely surrounds the municipality of Tuckerton. It also borders several other Ocean County municipalities including Barnegat Township, Lacey Township and Stafford Township, as well as Galloway Township, an Atlantic County municipality. The Township has seen rapid growth in its population and had slightly over 20,000 residents in 2010, 4,000 of whom were new residents added to its population after 2000. That growth has continued between 2010 and the present.

The Township is governed by an elected five member Township Committee who annually appoints a Mayor from among its members. The Police Department is active and dedicated to the use of Community Oriented Policing which emphasizes the forming of partnerships with the Township's citizens. The

police bargaining unit consists of thirty-nine (39) Sergeants and Officers in total. Within this total are nine (9) Sergeants and thirty (30) Officers. A layoff in and around 2010 reduced the staff by ten (10) officers. The parties have negotiated two (2) salary schedules for rank and file Officers. One is for those hired before January 1, 2015 (Schedule A) and another for Officers hired after January 1, 2015 (Schedule B). Seventeen (17) Officers are on Schedule A and thirteen (13) Officers are on Schedule B. The two schedules have the same values at the Pre-Academy steps (\$44,804) and the maximum step at twenty (20) years (\$123,878). Schedule A has twelve (12) steps and Schedule B has fifteen (15) steps in order to reach maximum step 20. The Sergeants also have two salary schedules. However, the Sergeants' schedules are not differentiated by date of hire but rather by time in grade (1-3 years) for one schedule and more than three (3) years in grade for the other. The PBA Agreement expired on December 31, 2018.

In addition to the PBA Agreement, the Township has collective negotiations agreements with most of its other non-law enforcement employees. One is with its Administrative Support Staff which includes Administrative Assistants and Confidential Administrative Assistants and has terms from January 1, 2017 through December 31, 2019. Another is with the United Service Workers Union, IUJAT, Local 255 which includes Building (Sub Code Officials/Inspectors), Plumbing (Sub Code Officials/ Inspectors), Fire Protection (Sub Code Officials/Inspectors), Electrical (Sub Code Officials/Inspectors) and

Housing Inspectors and has terms from January 1, 2021 through December 31, 2021.¹ The Township also maintains a collective negotiations agreement with the Government Workers Union, an employee organization representing Public Safety Telecommunications Operators. This agreement has effective dates from January 1, 2016 through December 31, 2019. The record does not reflect that the Township has reached any new agreements with any employee organizations that extend beyond the expiration dates noted above. Each party makes reference to these “internal settlements” in support of their respective positions.

All Township employees represented in the above bargaining units, including the PBA unit, receive medical and hospitalization coverage, prescription drug coverage, dental coverage and vision coverage for full-time employees, their spouses and the employee’s eligible dependents. The current health insurance plan is a private plan through carrier Horizon Direct Access 8. It is a costly (\$36,548 for family coverage) but comprehensive plan with attractive benefit levels including, but not limited to, a \$400 per person and \$1,000 per family out of pocket maximum with 100% reimbursement after the limit is reached. All bargaining unit employees in all of the units are subject to health care contribution levels at the highest Year 4 contribution levels pursuant to Chapter 78, P.L. 2011. This statutorily mandated health care contribution scheme required all Township employees by law, and without agreement through

¹ This Agreement embodies the terms of an October 3, 2017 MOA which commenced on January 1, 2017 and incorporated its terms into the January 1, 2021 Agreement.

negotiations, to make contributions based on the employee's salary and type of coverage. The amount of individual contribution is linked to four tiers or years phased in over a four year period that calculates the percentage of premiums each employee must pay based on a sliding increased scale tied to an individual employee's salary.² For example, Tier or Year 4, the highest tier at 35% of premium cost, requires eleven officers in the PBA unit who earn more than \$110,000 to pay \$12,829.61 annually in contributions towards the cost of family coverage. The lowest current contribution amount for a PBA member is for an employee who earns between \$55,000.00 and \$59,999.99 and opts for single coverage at 23% of premium cost with an annual cost of \$3,319.29. Because the PBA salary schedules generally contain higher salary levels than employees in the other bargaining units, most of its members are at higher dollar levels which cause greater contribution amounts due to employees having to pay higher percentages toward premium costs based on individual salary. The PBA has placed the issue of health insurance carrier selection and percentages of contributions towards premium costs at issue. This latter issue is present due to the fact that the statutory mandatory Chapter 78 requirements concerning contribution levels, after the four year phase-in has been implemented, as here, are subject to mandatory negotiations because after an Agreement that experienced full implementation has expired. Chapter 78 allows for mandatory negotiations over contribution levels under the circumstances present here when pursuing a new agreement, so long as those phase-ins are complete and the

² Contributions are not required nor is there coverage if an employee meets the standards that allow for waiver of coverage.

collective negotiations has expired. The parties' positions on these issues are described and analyzed below. The salary issue is also at impasse and will be fully described and analyzed below. The health insurance and salary issues are both economic in nature and one at the center of the record evidence and argument.

DISCUSSION

As indicated, the disputed issues at impasse mainly concern salary and health insurance. The salary issue concerns what shall the amount, if any, of across the board increases be for each year of the stipulated contract duration of five (5) years, January 1, 2019 through December 31, 2023. The health insurance impasse centers on who the health insurance carrier and plan covering unit employees should be going forward and what the previously statutorily mandated, but now negotiable, level in the amounts of contributions employees make towards health insurance premiums should be.

I am required to make a reasonable determination of the salary and health insurance issues described above when rendering an award on these proposals. The submissions of both parties have been thoroughly reviewed, considered and will be concisely summarized and analyzed below followed by an Award on the disputed issues. In my evaluation of the proposals, I am required to apply the statutory criteria set forth in N.J.S.A. 34:13A-16(g). They are as follows:

- (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 conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the same or similar services and 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 comparable 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 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 a municipality, the arbitrator or panel of arbitrators shall take into account to the

extent that 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 local 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 other 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).

The arbitrator must make a reasonable determination of the issues, reasoned explanation for the award and determine which statutory factors are relevant and to be given due weight and which factors, if any, are deemed irrelevant. The arbitrator has conventional arbitration authority that does not limit the award to a selection of either party's last offer either on a package or issue by issue basis. The criteria also authorizes the arbitrator to consider other such factors not confined to those specifically stated which are ordinarily or

traditionally considered in the determination of wages, hours and conditions of employment. [N.J.S.A. 34:13A-16(g)(8)]. This requires the party seeking to modify existing terms and conditions of employment to establish a valid basis for change by providing sufficient evidentiary support consistent with the criteria or to show that extrinsic factors to be considered that are not stated in the statute must prevail based on credible evidence. No proposed issue can be presumed to be valid in the absence of justification supported by credible evidence. I also note that because economic issues normally implicate financial impact on the governing body and the public or statutory spending and taxing limitations, they must be considered not only individually but in their totality as well.

A question arose concerning whether the parties had entered stipulations on certain issues pursuant to N.J.S.A. 34:13A-16(g)(4). That criterion allows for the incorporation of the stipulated agreements to be incorporated into the Award. The PBA prepared stipulations to be incorporated into the terms of the award based on its view of the status of certain issues that it alleged resulted from prior dialogue between the PBA and Township officials. They are as follows:

STIPULATIONS

Article V(a) – Holidays – All holidays, just as generally accepted with Christmas and New Year's Day, should be recognized on their actual date for purposes of overtime for employees bound by the Rank and File Collective Bargaining Agreement (CBA), unless specifically detailed as "observed" in the CBA.

Article V(b) – Holidays – Due to the nature of the patrol schedule (12 hours shifts - 6AM to 6PM and 6PM to 6AM), it is the accepted past and present practice of the LEH PD that a holiday begins at

6:00AM on the date of a holiday and continues until 5:59AM on the following day for the purpose of an employee's entitlement to overtime pay. K-9 officers are considered part of patrols for purposes of holiday pay during their regularly scheduled work hours. For employees not on said patrol schedule (SRO's, Detectives, etc. ...), the holiday begins at 12:00AM to 11:59PM for purposes of holiday pay.

Article X(d) – Work Week, Overtime – In the event an officer completing a tour of duty, is called out for K-9 duty, the officer should receive a four hour call-out and it should not be considered a continuation of their recently completed tour of duty.

Article XV(a) – Insurance, Health, and Welfare – Newly appointed officers will receive their health benefits immediately and will not be subjected to the Township's 90-day waiting period.

Article VII(b)(2) – Vacation – Class II Police Officers who are then later hired in the capacity of a regular police will receive credit for the years served continuously with the Township when calculating vacation leave entitlement in subparagraph (A)(2) above.

Meal Allowance – The PBA is proposing that meal allowances are adjusted from \$12 to \$50 and 50\$ to \$75.

Article XIV (D) – K-9- increase from 2 hours to 4 hours.

After discussion with the parties after close of record, it appears that the above issues had been the subjects of various types of discussion that may or may not have included grievance resolutions well prior to the arbitration. The PBA submitted an exhibit summarizing its belief as to their resolutions. The Township does not share the PBA's view that adjustments to grievances and/or complaints had been made that can be considered stipulations. It became clear to me that if any understandings occurred, and even if a debate over grievance resolution might ensue in any future proceeding on contract interpretation, the issues raised by the PBA in this proceeding do not rise to the level of formal

stipulation as required by N.J.S.A. 34:13A-16(g)(4). For this reason, and without prejudice to either party's position on these issues, the proposed stipulations will not be incorporated into the Award. The PBA's ability to grieve over any of the issues as a matter of contract interpretation or prior grievance resolution remains unaffected by this decision.

I next proceed to summarize, evaluate and decide the issues at impasse.

ARTICLE XV – INSURANCE, HEALTH AND WELFARE

As indicated, Article XV identifies, among other things, the scope of medical and hospitalization coverage, standards for change in health insurance carrier, retiree health benefits and survivor health insurance benefits. Article XV does not specifically identify the carrier. However, Article XV, Section A(2) grants the Township the right to make a change provided that "there is no reduction in the level of benefits that are in effect." As previously noted, the PBA seeks to change the health care insurance carrier and plan and, in addition, to reduce the scheme for employee contributions currently set in the expired agreement by the terms of Chapter 78 P.L. 2011. The Township opposes each proposed change and seeks to maintain the status quo on each PBA proposal.

The PBA contends that its proposals on health insurance are both based on providing savings to PBA members by reducing employee contributions resulting from a switch to a less costly plan, reducing employee contributions by

lessening the percentage of employee contributions while simultaneously reducing the Township's costs for providing medical and hospitalization coverage. The PBA argues that the proposals would provide the Township with greater financial flexibility to fund its salary proposal. The PBA relies upon the reports of its health insurance expert Dominick Fanuele who presented detailed information on the relative costs between the PBA's proposed NJSHBP Direct 10//20 and 20/30 Plans with the existing Horizon Direct Access 8 Plan as well as the individual and collective employee savings that would be derived from lower employee contributions caused by rolling back Year 4 levels to Tier or Year 3 in 2020 and to Year 2 in 2021. He also calculated Township savings that would result from the switch in plans and a side by side comparison of the benefit levels in each plan. On this latter point, the PBA does not contest the Township's assertion that the existing plan, while more costly, has higher benefit levels. However, the PBA contends that the price difference between the plans is "exorbitant" and cannot be justified by the higher level of benefits in the existing plan.

I have reviewed Mr. Fanuel's analysis and charts. The PBA arguments seeking support for its proposals follow the content of the reports. Drawing upon the arguments presented in the PBA's post-hearing brief, I set them forth in pertinent part:

Specifically, if the Township were to switch from their current Direct Access plan to the SHBP Direct 10 plan, the switch would result in an annual savings of **\$67,172.84** to the Township. Additionally, if

the Township were to switch to the SHBP Direct 20/30 plan as the PBA has offered to do, the Township would save over **\$131,979.00** annually in terms of health care contributions. The savings to the PBA would be **\$46,925.80** and **\$74,385** respectively. The township's refusal to consider cost savings of over **\$200,000** shows that they are not concerned over the Township finances. [Emphasis in original].

In the offer proposed by the Township, the Township failed to take into account the savings the Township would net if they switched to the more cost-effective State Health Benefits. The Township has failed to provide a reason for not wanting to make this cost-saving switch. In fact, the collective bargaining agreement between Lacey Township and PBA Local 238 which the Township provided as a comparable, illustrates a Township's willingness to negotiate health care contributions for the benefit of both the PBA and Township. In that CBA, the Township agreed to roll back to tier 3 contributions under Chapter 78.

In this matter the Township has decided to remain silent without even a discussion on health care. However, the Township did concede that they would switch to a State Health Benefits Plan if the switch was universally accepted throughout the Township. This purported offer has yet to come to fruition. The Township's failure to switch to a more cost-effective health plan must be taking into consideration when reviewing the offers presented by both the PBA and the Township.

Any final offers that were submitted by the Township and the PBA were required to set forth exactly what they were looking for. The final offer of the PBA seeks to enroll the PBA in Direct 20/30 of the State Health Benefits Plan. Additionally, the PBA sought to reduce Chapter 78 benefits to Year 3 in 2020 and Year 2 in 2021. Neither the Township's response to the PBA's petition nor in their final offer to the arbitrator did the Township discuss the Township's current health benefit plan. Currently LEH pays \$36,648 for family coverage for the Horizon Direct Access 8 plan. The SHBP Direct 20/30 rate is \$28,224 for family coverage. The PBA is trying to reduce costs approximately \$8,400 or 23% a family. (See Exhibit 4).

Taking a look into the costs of the healthcare Direct Access 8 and the SHBP Direct 20/30 shows that changing to Direct 20/30 and cutting the Chapter 78 contributions in half would cost LEH less money than they currently spend on healthcare.

	Current Cost	SHBP Cost
Current Annual Premium	\$ 862,116.72	\$ 655,752.00
Less Ch. 78 Contributions	\$ 269,544.30	\$ 195,159.11
Net cost to LEHT (net of Ch 78 Contrib)	\$ 592,572.42	\$ 460,592.89

If the Arbitrator awards a change to the SHBP Direct 20/30 plan, the township would pay \$460,592.89 instead of \$592,572.42 that they currently pay.

If you cut the Chapter 78 contributions in half (Tier II) for the Direct 20/30 plan and add half of it to the LEH premium, LEH would spend \$558,172.44 for the Direct 20/30 plan. This would still save LEH \$34,339.97 per year. Over the remaining life of this contract (3.5 years) LEH would save \$120,189.90. Ordering a change to the base healthcare plan to the Direct 20/30 and reducing Chapter 78 contributions is beneficial to LEH, PBA, and the tax-payers of LEH. The PBA should get the benefit from the plan switch and premium reductions and a reduction in Chapter 78 based upon their willingness to control the premium costs. LEH is more than satisfied with paying almost \$600,000 for the healthcare premium so the majority of the plan savings should be returned to the PBA in Chapter 78 reductions.

The PBA appears to acknowledge that prior interest arbitration awards have denied proposals granting Chapter 78 “relief,” defined as reducing Chapter 78 contribution levels, but it seeks to distinguish the facts in this case from those in others (Hopewell, Bedminster and West Windsor) where PBA proposals to reduce Chapter 78 contributions were rejected. It submits:

In prior interest arbitrations, no party was in the position of seeking a lower cost SHBP plan where the employer refused to make the plan change. While arbitrators have been reluctant to reduce Chapter 78 contributions, (See Hopewell, Bedminster, and West Windsor) this case begs to set the precedent. No prior interest arbitration had the union begging to join the SHBP and change to the Direct 20/30 plan. LEH is refusing to accept over \$200,000 in yearly savings for the PBA and LEH. ...

Changing Chapter 78 contribution levels is spreading across the state. Many departments have negotiated reductions in Chapter 78 contributions in exchange for healthcare plan changes. (See

Pleasantville Police, Hamilton Police (Atlantic County), Salem Corrections, South Brunswick Police, Sayerville, Plainfield, Edison, and North Brunswick. ... Health benefit changes that come with substantial cost reductions weight in favor of the PBA on all N.J.S.A. 34:13A-16(g) criteria. PBA 295 should not be forced to pay for insurance that is not remotely cost effective. Therefore the PBA seeks a reduction of Chapter 78 contributions to Tier III in 2020 and Tier II in 2021 as well as an ordered switch to the SHBP Direct 20/30 plan.

The Township seeks to maintain the status quo and urges the rejection of the PBA's health insurance proposals to switch the health insurance carrier and plan and to change the percentage contribution levels. It submits that reducing contribution levels will cause future increases in its costs of providing medical and hospitalization coverage and place undue financial burdens on the Township thereby straining its budget. It notes that no other bargaining unit in Little Egg Harbor has negotiated a reduction in Chapter 78 Year 4 levels. It asserts that the private insurance plan it currently provides is a "significant upgrade" over the SHBP plan proposed by the PBA which it asserts, if implemented, would reduce existing benefit levels its plan offers to Township employees. The Township also emphasizes that the current terms of law would not allow it to implement any SHBP plan only for employees in the PBA unit and any condition of implementation, which is beyond its control, would require all other bargaining units and contract employees to consent to the switch the PBA proposes. It notes that no consent has been sought or received from any bargaining unit to change the existing health insurance plan.

The Township's objection to the financial impact of decreasing employee contributions to health insurance premiums is set forth in its post-hearing argument, the theme of which it also applies to the salary issue. In pertinent part, it states:

As referenced above, LEHT finds itself in a financial vise. As referenced in Ex. A, the Township previously appeared to be running at a surplus due to the Federal government staying repayment of emergency aid loans received by LEHT for Hurricane Sandy. This forbearance has since been lifted, the majority of the loan will not be forgiven, and repayment will have to be completed by 2023. Ex. A. This has essentially pushed the township into a yearly deficit, and has necessitated, thus far, a 6.9 cent tax raise in 2019, with additional hikes being a matter of consideration. It's worth noting that the 2019 Tax Rate was amongst the highest in the counties, and the Township still required one-time grants and revenue sources in order to make ends meet.

Additional contributing factors, as noted in Ex. A, include prior mismanagement by former Administration employees, substantial tax appeals, and decreased revenues and surpluses. Exhibit E illustrates, in a digestible fashion, the current financial problems. In particular, the final row, listed as "Net Ending Fund Balance," shows a small deficit for the year 2018, and a significant deficit in excess of two million dollars for year 2019, which is approximately ten percent of the Township's operating budget. These financial shortfalls persist into 2020, and will likely persist until the FEMA loan has been addressed.

Plainly stated and based upon the current financial posture, any increase presents a hardship to the Citizens of Little Egg Harbor, including the Township's Final Offer. Moreover, the state of the larger economy has weakened the Township's income, specifically the global Covid-19 pandemic and the associated recession. The extravagant proposal submitted by the PBA would necessitate drastic financial action in order to even approach compliance, should the Arbitrator enter a decision favorable to the Union.

Award

I first address the PBA's proposal to change the health insurance plan from the Horizon District Access 8 Plan to either the NJSHBP Direct 10/20 Plan or its 20/30 Plan. This proposal is intended to reduce premium costs thereby providing savings to the Township and savings to unit members through reduced contributions towards premiums. While the Fanuele Report clearly demonstrates that savings would flow from making this change, this evidence, standing alone, cannot support the awarding of this proposal. The proposal may conflict with PERC precedent and health insurance statute. I do not rest its disposition here on questions of law. Even assuming, for the sake of argument, that this issue can lawfully proceed to arbitration, I do not find sufficient evidence to award the proposal. Here, the Agreements with the other bargaining units are subject to either the Horizon Direct Access 8 Plan or to a plan decided by the Township that contains benefit levels that meet the high levels of contractual standards that would allow for change. The record reflects that the benefit levels in the NJSHBP 20/30 Plan would not meet the contractual standards to allow the Township to unilaterally change the carrier and plan for its other units and would require its other employee organizations to negotiate and agree upon the change that the PBA seeks to be awarded in this proceeding. I do not find that the interests and welfare of the public would be served by the Township having to meet a burden to administer insurance plans that have differing carriers and benefit levels. Accordingly, I do not award the PBA's proposal to change the health insurance carrier and plan. While doing so, I note that this does not

preclude the Township from voluntarily engaging in discussions, jointly or separately, with the PBA and/or each of its other bargaining units to pursue uniform changes to the health insurance plans and benefit levels.

I next turn to the PBA's proposal to reduce Chapter 78 employee contribution levels from the Tier or Year 4 levels to Tier or Year 3 levels in 2020 and to Tier or Year 2 levels in 2021. The Township urges rejection of this proposal.

In order to provide proper context to the issue of Chapter 78 employee contributions, I set forth below the statutory scheme that sets the contribution rates that unit members are now subject to as the status quo. As noted, unit employees are now subject to Year or Tier 4 levels. The charges provide the linkage between salary and percentages of employee contribution toward premium cost. As evident from the charts, each employee's salary range dictates the percentage of premium cost each must pay depending on whether the coverage and its cost is Single, Family or Member/Spouse/Partner or Parent/Child:

**HEALTH BENEFITS PREMIUM CONTRIBUTION RATES
FOR SINGLE COVERAGE**

Salary Range	Year 2	Year 3	Year 4
Less than 20,000	2.25%	3.38%	4.50%
20,000-24,999.99	2.75%	4.13%	5.50%
25,000-29,999.99	3.75%	5.63%	7.50%
30,000-34,999.99	5.00%	7.50%	10.00%
35,000-39,999.99	5.50%	8.25%	11.00%

40,000-44,999.99	6.00%	9.00%	12.00%
45,000-49,999.99	7.00%	10.50%	14.00%
50,000-54,999.99	10.00%	15.00%	20.00%
55,000-59,999.99	11.50%	17.25%	23.00%
60,000-64,999.99	13.50%	20.25%	27.00%
65,000-69,999.99	14.50%	21.75%	29.00%
70,000-74,999.99	16.00%	24.00%	32.00%
75,000-79,999.99	16.50%	24.75%	33.00%
80,000-94,999.99	17.00%	25.50%	34.00%
95,000 and over	17.50%	26.25%	35.00%

**HEALTH BENEFITS PREMIUM CONTRIBUTION RATES
FOR FAMILY COVERAGE**

Salary Range	Year 2	Year 3	Year 4
Less than 25,000	1.50%	2.25%	3.00%
25,000-29,999.99	2.00%	3.00%	4.00%
30,000-34,999.99	2.50%	3.75%	5.00%
35,000-39,999.99	3.00%	4.50%	6.00%
40,000-44,999.99	3.50%	5.25%	7.00%
45,000-49,999.99	4.50%	6.75%	9.00%
50,000-54,999.99	6.00%	9.00%	12.00%
55,000-59,999.99	7.00%	10.50%	14.00%
60,000-64,999.99	8.50%	12.75%	17.00%
65,000-69,999.99	9.50%	14.25%	19.00%
70,000-74,999.99	11.00%	16.50%	22.00%
75,000-79,999.99	11.50%	17.25%	23.00%
80,000-84,999.99	12.00%	18.00%	24.00%
85,000-99,999.99	13.00%	19.50%	26.00%
90,000-94,999.00	14.00%	21.00%	28.00%
95,000-99,999.00	14.50%	21.75%	29.00%
100,000-109,999.99	16.00%	24.00%	32.00%
110,000 and over	17.50%	26.25%	35.00%

**HEALTH BENEFITS PREMIUM CONTRIBUTION RATES
MEMBER/SPOUSE/PARTNER OR PARENT/CHILD COVERAGE**

Salary Range	Year 2	Year 3	Year 4
Less than 25,000	1.75%	2.63%	3.50%
25,000-29,999.99	2.25%	3.38%	4.50%
30,000-34,999.99	3.00%	4.50%	6.00%
35,000-39,999.99	3.50%	5.25%	7.00%
40,000-44,999.99	4.00%	6.00%	8.00%
45,000-49,999.99	5.00%	7.50%	10.00%

50,000-54,999.99	7.50%	11.25%	15.00%
55,000-59,999.99	8.50%	12.75%	17.00%
60,000-64,999.99	10.50%	15.75%	21.00%
65,000-69,999.99	11.50%	17.25%	23.00%
70,000-74,999.99	13.00%	19.50%	26.00%
75,000-79,999.99	13.50%	20.25%	27.00%
80,000-84,999.99	14.00%	21.00%	28.00%
85,000-99,999.99	15.00%	22.50%	30.00%
100,000 and over	17.50%	26.25%	35.00%

The PBA's proposal to reduce employee percentage rates and the actual amount of contributions made must be viewed as an economic rather than a philosophical issue. Contributions are required by law. They are currently accounted for as revenue in the Township's budget. While negotiations for revisions in levels of contributions are now mandated, on demand, Chapter 78 clearly states that the contribution levels in Year 4 of the phase-in constitute the status quo for the purpose of negotiating change. Thus, any proposed change for more or for less of a contribution would, if accepted or awarded, alter the status quo when negotiating change. It is noted that even if the status quo is maintained, contribution dollars are subject to annual change without negotiation because, as provided by Chapter 78, required contributions for individual employees are expressed in percentage of premium cost depending on the range for an employee's salary. For example, an employee whose salary requires at 35% contribution would be obligated for any increase or decrease in premium cost increase by 35% while the employer's share of increase or decrease would be by 65%.

The economic nature of the issue requires consideration of the financial impact of the PBA's proposal, evidence of internal and external comparability and the interest and welfare of the public which, by its very nature, tends to implicate and embrace all of the statutory criteria. The PBA's proposals to move its members from Year 4 levels to Year 3 levels in 2020 and then to Year 2 levels in 2021 would eventually halve the amount of employee contributions and increase the Township's cost by assuming the other half that the employee no longer pays.

The parties each acknowledge the factual impact of the changes in Chapter 78 contribution rates. Currently, based on 2018 rates of pay, forty-four (44) unit employees, twelve (12) of whom have waived coverage for which there are no premium costs, the amount of employee contributions under Chapter 78 Year 4 is \$269,544.30 annually and \$22,462 on a monthly basis. The \$269,544 in contributions is received towards the annual premiums of \$862,116 and monthly premiums of \$71,843. Under the PBA proposal to move from Year 4 to Year 3 contribution rates in 2020, the annual contributions collectively would be reduced by approximately 25% to \$201,750, an amount of approximately \$68,000.

The PBA proposal must be viewed not only as an individual issue but also in the context of overall impact. I have done so. In respect to the statutory criteria, the PBA has established that some weight must be given to comparisons

with employees performing the same or similar services in the jurisdictions of Barnegat, Lacey and Stafford Township, all of whom have negotiated changes in Chapter 78 contribution levels from Year 4 back to Year 3. I do not find these comparisons to be dispositive but that they are entitled to weight given the salary award that follows which in 2019 does not include an across the board increase. I find support for a similar change proposed by the PBA to the Year 3 level but with an implementation date of January 1, 2023 instead of the PBA's proposed date of January 1, 2020. I do not award its proposal for a similar amount of reduction that would reduce contributions from Year 3 to Year 2 rates in 2021 or any date thereafter.

The amount of cost reduction to the employees results in an identical increase in costs to the Township. Based on reported aggregate salary costs of \$4,028,455, the increased cost to the Township as a result of the reduction to Year 3 contribution levels calculates to approximately 1.75% of base salaries. Put another way, it impacts on the Township in the same manner as a salary increase to employees but without incurring roll up costs such as overtime and pension contributions, which base salary increases would require.³ I have also considered this issue and this award in concert with the disposition of the salary issue for 2019 which renders the award on contributions more reasonable due to the lower cost impacts of an across the board increase in 2019 that also would flow through the remainder of the Agreement. There are financial impacts

³ The precise costs and percentage may fluctuate because these figures are based on 2018 rates of pay but the fluctuations are minimal in nature and do not materially impact on this analysis.

stemming from reduced employee contributions, as well as salary and I find, for the reasons set forth in the salary award that follows, that an award of the Township's salary proposal in year 2019 to not provide an across the board increase due to its unique financial posture in that year is a strong consideration towards awarding the PBA's proposal as a reasonable offset. Accordingly, I award a reduction in Chapter 78 contribution rates from Year 4 to Year 3 effective January 1, 2023 and deny the PBA's proposal for a further reduction to Year 2 rates.

ARTICLE XIV – RATES OF PAY

As previously stated, the parties have negotiated two (2) salary schedules for Officers. One is for those hired before January 1, 2015 (Schedule A) and another is for Officers hired after January 1, 2015 (Schedule B). Seventeen (17) Officers are on Schedule A and thirteen (13) are on Schedule B. The two schedules have the same values at the Pre-Academy steps (\$44,804) and the maximum step at twenty (20) years (\$123,878). Schedule A has twelve (12) steps and Schedule B has fifteen (15) steps in order to reach maximum step 20 because certain steps require more than one year of service in order to advance to the next step. The Sergeants also have two salary schedules. However, the schedules are not differentiated by date of hire but rather by time in grade (1-3 years), or by having more than three (3) years in grade.

The existing rates of pay at the conclusion of the Agreement on December 31, 2018 are as follows. The parties' proposed revisions and costs are to be calculated off of these schedules:

SCHEDULE A – SALARY GUIDE	
Full-Time Sworn Officer Hired Before 1/1/2015	
Begin Year	2018
Pre Academy	44,804
Academy Grad	56,095
2	65,958
3	75,709
4	87,423
5	96,602
6	109,688
8	111,838
11	113,990
14	116,141
17	118,290
20	123,878

SCHEDULE B – SALARY GUIDE	
Full-Time Sworn Officer Hired After 1/1/2015	
Begin Year	2018
Pre Academy	44,804
Academy Grad	56,095
2	61,884
3	67,673
4	73,462
5	79,251
6	85,040
7	90,829
8	96,618
9	102,407
10	108,195
11	113,990
14	116,141
17	118,291
20	123,878

Sergeants in Grade 1-3 Years	
Begin Year	2018
>4	120,442
begin 5	122,851
begin 8	125,260
begin 11	127,669
begin 14	130,078
begin 17	132,486
begin 20	135,139

Sergeants in grade More than 3 Years	
Begin Year	2018
begin 5	126,142
begin 8	128,616
begin 11	131,089
begin 14	133,562
begin 17	136,036
begin 20	138,518

The Township has proposed to maintain the 2018 salary schedule through the first contract year of 2019 without an across the board increase but advances eligible employees through their normal step movement. It calculates the cost of step movement alone for 2019 at 2.87%. Then, for each contract year thereafter, 2020 through 2023, it proposes annual increases of 1.5% at each step of the salary schedule while continuing to advance eligible employees annually through normal step movement. Its proposed salary guides would reflect the following revisions from the 2018 schedules:

Township
Officers Hired before 1/1/15 – Schedule A

	0.0%	1.5%	1.5%	1.5%	1.5%
	2019	2020	2021	2022	2023
Pre Academy	44,804	45,476	46,158	46,851	47,553
Academy	56,096	56,937	57,792	58,658	59,538
2	65,958	66,947	67,952	68,971	70,005

3	75,709	76,845	77,997	79,167	80,355
4	87,423	88,734	90,065	91,416	92,788
5	96,602	98,051	99,522	101,015	102,530
6	109,688	111,333	113,003	114,698	116,419
8	111,838	113,516	115,218	116,947	118,701
11	113,990	115,700	117,435	119,197	120,985
14	116,141	117,883	119,651	121,446	123,268
17	118,290	120,064	121,865	123,693	125,549
20	123,878	125,736	127,622	129,537	131,480

Proposed Salary Guide – Schedule B
Officers Hired after 1/1/15

	0.0%	1.5%	1.5%	1.5%	1.5%
	2019	2020	2021	2022	2023
Pre Academy	44,804	45,476	46,158	46,851	47,553
Academy	56,095	56,936	57,790	58,657	59,537
2	61,884	62,812	63,754	64,711	65,681
3	67,673	68,688	69,718	70,764	71,826
4	73,462	74,564	75,682	76,818	77,970
5	79,251	80,440	81,646	82,871	84,114
6	85,040	86,316	87,610	88,924	90,258
7	90,829	92,191	93,574	94,978	96,403
8	96,618	98,067	99,538	101,031	102,547
9	102,407	103,943	105,502	107,085	108,691
10	108,195	109,818	111,465	113,137	114,834
11	113,990	115,700	117,435	119,197	120,985
14	116,141	117,883	119,651	121,446	123,268
17	118,291	120,065	121,866	123,694	125,550
20	123,878	125,736	127,622	129,537	131,480

Sergeants in Grade 1-3 years

	0.0%	1.5%	1.5%	1.5%	1.5%
	2019	2020	2021	2022	2023
<4	120,442	122,249	124,082	125,944	127,833
begin 5	122,851	124,694	126,564	128,463	130,390
begin 8	125,260	127,139	129,046	130,982	132,946
begin 11	127,669	129,584	131,528	133,501	135,503
begin 14	130,078	132,029	134,010	136,020	138,060
begin 17	132,486	134,473	136,490	138,538	140,616
begin 20	135,139	137,166	139,224	141,312	143,432

Sergeants in Grade more than 3 years

	0.0%	1.5%	1.5%	1.5%	1.5%
	2019	2020	2021	2022	2023
begin 5	126,142	128,034	129,955	131,904	133,883
begin 8	128,616	130,545	132,503	134,491	136,508
begin 11	131,089	133,055	135,051	137,077	139,133
begin 14	133,562	135,565	137,599	139,663	141,758
begin 17	136,036	138,077	140,148	142,250	144,384
begin 20	138,518	140,596	142,705	144,845	147,018

The PBA's salary offer would advance eligible employees annually through normal step movement and increase each step of the salary schedule by an across the board 3% for each contract year, 2019 through 2023. The proposal reads as follows:

PBA
Officers Hired Before 1/1/15 – Schedule A

	3.0%	3.0%	3.0%	3.0%	3.0%
	2019	2020	2021	2022	2023
Pre Academy	46,148	47,553	48,959	50,427	51,940
Academy	57,779	59,512	61,298	63,137	65,031
2	67,937	69,975	72,074	74,236	76,463
3	77,980	80,320	82,729	85,211	87,767
4	90,046	92,747	95,529	98,395	101,347
5	99,500	102,485	105,560	108,726	111,988
6	112,979	116,368	119,859	123,455	127,158
8	115,193	118,649	122,208	125,875	129,651
11	117,410	120,932	124,560	128,297	132,146
14	119,625	123,214	126,910	130,718	134,639
17	121,839	125,494	129,259	133,136	137,131
20	127,594	131,422	135,365	139,426	143,609

Officers Hired After 1/1/15 – Schedule B

	3.0%	3.0%	3.0%	3.0%	3.0%
	2019	2020	2021	2022	2023
Pre Academy	46,148	47,533	48,959	50,427	51,940

1	57,778	59,511	61,297	63,135	65,029
2	63,741	65,653	67,622	69,651	71,741
3	69,703	71,794	73,948	76,167	78,452
4	75,666	77,936	80,274	82,682	85,163
5	81,629	84,077	86,600	89,198	91,874
6	87,591	90,219	92,926	95,713	98,585
7	93,554	96,360	99,251	102,229	105,296
8	99,517	102,502	105,577	108,744	112,007
9	105,479	108,644	111,903	115,260	118,718
10	111,441	114,784	118,228	121,774	125,428
11	117,410	120,932	124,560	128,297	132,146
14	119,625	123,214	126,910	130,718	134,629
17	121,840	125,495	129,260	133,138	137,132
20	127,594	131,422	135,365	139,426	143,609

Sergeants in Grade 1-3 years

	3.0%	3.0%	3.0%	3.0%	3.0%
	2019	2020	2021	2022	2023
<4	124,055	127,777	131,610	135,559	139,625
begin 5	126,537	130,333	134,243	138,270	142,418
begin 8	129,018	132,888	136,875	140,981	145,211
begin 11	131,499	135,444	139,507	143,693	148,003
begin 14	133,980	138,000	142,140	146,404	150,796
begin 17	136,461	140,554	144,771	149,114	153,588
begin 20	139,193	143,369	147,670	152,100	156,663

Sergeants in Grade more than 3 years

	3.0%	3.0%	3.0%	3.0%	3.0%
	2019	2020	2021	2022	2023
begin 5	129,926	133,824	137,839	141,974	146,233
begin 8	132,474	136,449	140,542	144,758	149,101
begin 11	135,022	139,072	143,244	147,542	151,968
begin 14	137,569	141,696	145,947	150,325	154,835
begin 17	140,117	144,321	148,650	153,110	157,703
begin 20	142,674	146,954	151,362	155,903	160,580

The parties differences on the salary issue center mainly on their varying views of the Township's budget and overall finances, their conflicting perspectives on the reasonableness of their respective final offers, the evidence

offered on salary comparisons with specified municipal law enforcement labor agreements and the weight to be given to internal settlements.

In respect to financial impact and the statutory appropriation and tax levy limitations, the record mainly includes documentary evidence, financial reports and argument. These have all been fully reviewed and considered. The breadth of the data and opinions offered are broad in scope and cannot be set forth in full. I initially will summarize the differences in the cost of the proposals. I note that the costs of the estimated proposals as calculated by each party are not identical but are generally consistent which allow for proper analysis without regard to the rather minimal differences in the actual estimated costs.

PBA Estimated Costs

Cost Out of Township Proposal

		Reported 2018	2019	2020	2021	2022	2023
New Guide	13	\$ 879,749	\$ 955,006	\$ 1,045,717	\$ 1,138,934	\$ 1,234,713	\$ 1,333,108
			\$ 75,257	\$ 90,711	\$ 93,217	\$ 95,779	\$ 98,395
			8.55%	9.50%	8.91%	8.41%	7.97%
Old Guide	17	\$1,968,355	\$ 1,974,804	\$ 2,019,704	\$ 2,071,698	\$ 2,113,117	\$ 2,168,083
			\$ 6,449	\$ 44,900	\$ 51,994	\$ 41,419	\$ 54,966
			0.33%	2.27%	2.57%	2.00%	2.60%
Sergeants	9	\$1,180,351	\$ 1,200,058	\$ 1,235,190	\$ 1,258,815	\$ 1,280,284	\$ 1,304,740
			\$ 19,707	\$ 35,132	\$ 23,625	\$ 21,468	\$ 24,456
			1.67%	2.93%	1.91%	1.71%	1.91%
TOTAL TWP OFFER	39	\$4,028,455	\$ 4,129,868	\$ 4,300,611	\$ 4,469,448	\$ 4,628,114	\$ 4,805,931
		Increment	\$ 101,413	\$ 170,743	\$ 168,837	\$ 158,666	\$ 177,817
		Percentage	2.52%	4.13%	3.93%	3.55%	3.84%

Cost Out of the P.B.A. Proposal

	Reported 2018	2019	2020	2021	2022	2023
New Guide	\$ 879,749	\$ 983,656	\$ 1,093,006	\$ 1,208,032	\$ 1,328,975	\$ 1,456,086
		\$ 103,907	\$ 109,350	\$ 115,026	\$ 120,943	\$ 127,112
		11.81%	11.12%	10.52%	10.01%	9.56%
Old Guide	\$ 1,968,355	\$ 2,030,693	\$ 2,111,038	\$ 2,197,384	\$ 2,274,439	\$ 2,368,089
		\$ 62,338	\$ 80,345	\$ 86,346	\$ 77,055	\$ 93,649
		3.17%	3.96%	4.09%	3.51%	4.12%
Sergeants	\$ 1,180,351	\$ 1,236,060	\$ 1,291,047	\$ 1,335,186	\$ 1,378,025	\$ 1,425,101
		\$ 55,709	\$ 54,988	\$ 44,138	\$ 42,839	\$ 47,077
		4.72%	4.45%	3.42%	3.21%	3.42%
TOTAL PBA PROPOSAL	\$ 4,028,455	\$ 4,250,409	\$ 4,495,092	\$ 4,740,602	\$ 4,981,439	\$ 5,249,276
Increment		\$ 221,954	\$ 244,683	\$ 245,510	\$ 240,837	\$ 267,838
Percentage		5.51%	5.76%	5.46%	5.08%	5.38%

Township Estimated Costs

Side-by-side Comparison of Base Salary Increase:

	PBA BSI	LEHT BSI
2019 – CY 1	3%	0.0%
2020 – CY 2	3%	1.5%
2021 – CY 3	3%	1.5%
2022 – CY 4	3%	1.5%
2023 – CY 5	3%	1.5%

Side-by-side Comparison of Functional Percent Increase:

	PBA FPI	LEHT FPI
2019 – CY 1	5.95%	2.87%
2020 – CY 2	5.42%	3.89%
2021 – CY 3	5.46%	3.93%
2022 – CY 4	4.88%	3.36%
2023 – CY 5	5.18%	3.66%

The main contentions of the PBA in support of its salary proposals center on the following points:

- The Department has been understaffed due to the Township's failure to fill ten (10) positions following layoffs in 2010. This has caused remaining officers to fulfill their responsibilities to the public in a more productive, efficient and least costly fashion.
- The Township cannot make credible arguments alleging financial constraint while simultaneously rejecting \$200,000 in healthcare savings that it would derive by a switch in its health care plan.
- The Township's salary offer is inconsistent with an alleged pattern of internal settlements with its other bargaining units, none of which received a 0% as the Township has proposed here and all of which received minimum 2% across the board increases.
- The PBA charts internal settlements which exceed the Township's offer to the PBA:

Unit	Raises	Exhibit and Page
Administrative Support Staff 2017-2019	2019 -2% Note- in 2017 and 2018 the raises were \$3,500 + 2% per year	Exhibit 5 P.1
United Service Workers' Union 2017-2021	2% per year across the board	Exhibit 6 P.15
Government Workers Union 2016-2019	2% per year across the board	Exhibit 7 P.28

- The annual increases in private sector wage changes in PERC's annual report show wage increases consistent with the PBA's proposal. The PBA's wage proposal is also consistent with increases in New Jersey State government.
- While calculating its own proposal as a 5.4% average per year inclusive of step movement, the PBA asserts its proposal is more in line with interest arbitration awards on a year over year average cost basis including step movement than the Township's. It cites to:

- Ocean County Corrections 4.5%
 - Evesham Township Fire District 4.25%
 - Boonton PBA 6.67%
 - West Windsor PBA 5.1%
- The PBA cites the results of voluntary settlements in what it views as comparable municipal law enforcement departments:
 - Stafford Township PBA 2% + Steps 2017-2020
 - Galloway Township PBA 1.95% + Steps 2014-2021
 - The PBA submits its comprehensive financial report supports the ability of the Township to fund its proposal without adverse financial impact and within the Township’s statutory cap limitations.
 - Citing various revenue sources, tax collection rates and historical regeneration of fund balances, the PBA contends that the evidence reflects that the Township has a stable pattern of revenues that overshadow short-term disruption, including those COVID related and payback of FEMA loans thus showing that any revenue shortfalls or loan payments are not structural in nature.
 - The PBA cites evidence that the Township has appropriated funds well within its spending authority and below its statutory cap on increases in its tax levy. It points to statistical data showing that the Township’s levies over the past three years to have been \$1.1 million below its allowable statutory CPA.
 - The PBA submits that its cost analysis of the respective salary proposals shows that an award of its proposal over the five years would result in only an additional monthly tax and annual tax increase of \$0.63 and \$7.52 on average.

The Township does not share the PBA’s view as to its financial health. Its financial report from CFO Haines includes evidence and argument in support of its salary proposals. The main points raised in its submission include:

- The \$4.2 Million Community Disaster loan from the Federal Government after Super Storm Sandy in 2012 were, by necessity, used in 2013 through 2015 as revenue to supplement the budget and have been the Township’s main source of surplus.

- The majority of the FEMA loan must be repaid and is expected to be paid in full by 2023.
- Reduction in surplus has forced the Township to increase taxes by 6.9 cents in 2019.
- The Township cites the substantial impact law enforcement salaries have on its budget which now calculates to almost one-third of its annual operating budget not including pension and benefits received by current employees and retirees.
- The Township also cites to municipalities it submits are comparable in demographics, size and relative socioeconomic status as Little Egg Harbor (Galloway Township and Lacey Township) who earn “significantly less” than the salaries now received by the PBA.

As is normally the case in disputes over salary, there is rarely a single fact or simple set of facts that are determinative of its disposition. The PBA does assert the existence of a “pattern of settlement” in the Township’s bargaining units. If such pattern is alleged to exist, the arbitrator is compelled determine whether it is so, and if so, to decide the weight to be given to the proven settlement pattern with an explanation that there should either be adherence or non-adherence to the pattern. The precedent on pattern is based on the application of N.J.S.A. 34:13A-16(g)(2)(c). Here, while I find that evidence on internal comparability to be relevant and entitled to significant weight, I do not find the presence of a “pattern of settlement” that supports an award of the PBA’s last offer or the imposition of a salary award for any specific year simply because an existing agreement contains a salary figure that is above or below what the PBA has offered.

The reasons for these conclusions are several. First, the Administrative Support Staff, while receiving a 2% increase in 2019, agreed to this increase in a contract beginning in 2017 and concluding in 2019. The PBA contract term will be 2019 through 2023 and impasse was not declared until early 2020. Similarly, the Government Workers Union negotiated a contract with a 2016-2019 duration and received a 2% increase for 2019. These agreements were negotiated well prior to the 2019 budget year where the record reflects a negative change in the Township's budget. The Agreement that more clearly resembles the contract duration for the PBA is that with the United Service Workers Union which runs from 2017-2021. The agreement does call for 2% annual increases. However, the agreement includes the incorporation of a prior 2017-2020 agreement where salary increases were set prior to the 2019 budget and the incorporation of its terms in addition to a one year 2021 increase. The expirations of these agreements fall at a time well before the expiration of the PBA Agreement. Thus, the span of years, as well as the timing of the increases, does not dictate that a strict pattern of settlement exists. The budgetary implications for the PBA salary disposition will be addressed in the analysis of the 5 year salary award below. An additional factor that requires differentiation is the presence of the disputed Chapter 78 employee contribution issue in the PBA negotiations which, as a cost issue, must consider its financial impact on the Township's finances, as well as the salary issue.

In the absence of a pattern of settlement that might potentially require adherence, the disposition of the salary issue requires consideration of all of the relevant evidence and the application of the statutory criteria. It is clear from the manner in which the criteria has been constructed, that the greatest weight must be given to the interest and welfare of the public criterion [N.J.S.A. 34:13A-16(6)(1)] due to its many interrelationships it has with the remaining criteria. The explanation for the predominant weight to be given to this criterion will follow the wage increases to be awarded which I have concluded, on this record, to represent a reasonable determination of the salary issue. The wages awarded also have taken into consideration the overall financial impact of the Award, including the treatment of the Chapter 78 employee contributions issue.

Based on all of the above, I have awarded step increases only for 2019, a 2% across the board increase plus step movement for 2020, a 2.25% across the board increase plus step movement for 2021 and 2022 and a 2% across the board increase plus step movement for 2023.

Although the PBA has established that the Township has had financial flexibility within its statutory spending and taxing limitations [N.J.S.A. 34:13A-16(g)(1) and (5)], I find the financial impact of an award beyond the 2.87% cost of step movement in 2019 would have adverse financial impact on the governing body, its residents and taxpayers due to the demonstrated constraints on that budget year which not only impact that year but ensuing years by adding the flow

through costs of an increase sought by the PBA for that year of 3% or the cost of its hypothetical cost analysis for a 2.25% increase. In particular, weight must be given to sharp reductions in Excess Operation dollars in 2019, the sharply reduced percentage of budget recovered in 2019, the sharply reduced fund balance in 2019 and data showing a drop in the Township's ability to regenerate funds to use as revenue as it did in the recent past. I do agree with the PBA's financial expert's conclusion that the financial data for that year does not reflect a structural problem and that a return to greater financial health will likely resume thereafter. This will enable a resolution of the wage issue for years 2020 through 2023 at a level above the Township proposal of 1.5% but below the PBA's 3.0% proposal for the remaining years, as well as a partial, but favorable, consideration to the PBA's proposal for a reduction in the percentages of employee contribution towards health insurance premiums starting in 2023.

The terms of the Award have considered the remaining criteria as well. The municipalities offered for comparison are valid for that purpose [N.J.S.A. 34:13A-16(g)(2)]. Such comparisons are relevant but not dispositive of a single result. This is due to the different levels of compensation and benefits received in those jurisdictions which defy precise side by side comparison. By way of example, I note that in Lacey Township, holiday pay (of 128 hours) has been rolled into base pay, that in Stafford Township longevity pay has been eliminated for employees hired after January 1, 2014, as well as in Barnegat Township for employees hired after January 1, 2018. I also note that in Little Egg Harbor,

longevity pay has been rolled into the salary schedule which tends to reflect more favorable salary schedule than those municipalities that have not.

After consideration of all relevant evidence, I find that a reasonable determination of the wage issue is an award of 0%, 2.0%, 2.25%, 2.25% and 2.0% across the board, plus the cost of annual step movement. This, when coupled with the 1.75% cost impact to the Township resulting from the awarding of reductions in the percentages employee now pay towards health insurance premiums in 2023, provides reasonable consistency with the changes made in comparable law enforcement units while also addressing financial evidence unique to Little Egg Harbor Township.

The remaining criteria are also relevant, have been considered and I find them to be in harmony with the terms of this Award. The salary terms relating to the across the board increases are generally consistent with the cost of living data [CPI]. While the award is in excess of the CPI when factoring in annual step movement, I find the amount of across the board increases must be given greater weight because they represent a fixing of salary structure for the future for employees irrespective of changing seniority levels in contrast with individual salary changes that fluctuate based upon an employee's length of service which always undergoes annual change but without impact on the long-term salary structure.

I have also considered overall compensation and benefits received by unit employees [N.J.S.A. 34:13A-16(g)(3)]. This does not stand alone and requires consideration of current levels compared with similar units in comparable municipalities. There is nothing in this record that would dictate a result that would significantly depart from this award based on the overall compensation criterion. The Township's police officers are well compensated, receive more than fair benefit levels without being hindered by any significant "inequity" that would require a qualitative change to cure. Simply put, this Award will maintain relative balance in the wages and terms of employment between this unit and neighboring units without setting terms in this unit simply because they may exist elsewhere. On a year by year basis, without cost of yearly compounding, the wage costs are identical to the Township's estimate of \$4,150,218 in 2019, with an additional cost of 0.5% in 2020, an additional cost of 0.75% in 2021 and 2022 and an additional cost of 0.5% in year 2023. Based on review of financial expert evidence, the additional costs are projected to fall within the Township's spending and taxing limitations and cause reasonable financial impact that can be borne within its overall financial obligations to the Township, its residents and taxpayers.

Finally, I note the PBA has proposed a merging of the salary schedules in Schedule A and Schedule B. Although I find it reasonable for the parties to do so, I do not award this proposal and instead defer to the parties' apparent willingness to construct a single schedule voluntarily and in a structure found to

be mutually agreeable. In the absence of such agreement, I award a continuation of Schedules A and B for the remainder of this Agreement.

Based upon all of the above, I respectfully enter the terms of this Award.

AWARD

1. All proposals by the Township and the PBA not awarded herein are denied and dismissed. All provisions of the existing agreement shall be carried forward except for those which have been modified by the terms of this Award.
2. **Duration** – January 1, 2019 through December 31, 2023
3. **Health Insurance Contribution Rates – Chapter 78**

I award a reduction in Chapter 78 contribution rates shall be revised from Year 4 to Year 3 effective January 1, 2023.

4. **Wages**

The wage schedules for the contract duration awarded shall be:

Officers Hired Before 1/1/15 – Schedule A

	0%	2.0%	2.25%	2.25%	2.0%
	2019	2020	2021	2022	2023
Pre Academy	44,804	45,700	46,728	47,779	48,734
Academy	56,095	57,216	58,504	59,820	61,017
2	65,958	67,277	68,790	70,338	71,745
3	75,709	77,223	78,960	80,736	82,350
4	87,423	89,171	91,177	93,229	95,093
5	96,602	98,534	100,751	103,018	105,078
6	109,688	111,882	114,399	116,973	119,313
8	111,838	114,075	116,642	119,266	121,651
11	113,990	116,269	118,885	121,561	123,992
14	116,141	118,464	121,129	123,855	126,332
17	118,290	120,655	123,370	126,146	128,669
20	123,878	126,356	129,199	132,106	134,748

Officers Hired After 1/1/15 – Schedule B

	0%	2.0%	2.25%	2.25%	2.0%
	2019	2020	2021	2022	2023
Pre Academy	44,804	45,700	46,728	47,779	48,734
1	56,095	57,216	58,503	59,819	61,017
2	61,884	63,121	64,541	65,994	67,314
3	67,673	69,026	70,579	72,167	73,610
4	73,462	74,931	76,617	78,341	79,907
5	79,251	80,836	82,654	84,514	86,204
6	85,040	86,740	88,692	90,688	92,501
7	90,829	92,645	94,730	96,861	98,798
8	96,618	98,550	100,767	103,035	105,096
9	102,407	104,455	106,805	109,209	111,393
10	108,195	110,358	112,842	115,381	117,689
11	113,990	116,269	118,885	121,561	123,992
14	116,141	118,464	121,129	123,855	126,332
17	118,291	120,655	123,370	126,146	128,669
20	123,878	126,356	129,199	132,106	134,748

Sergeants in Grade 1-3 years

	0%	2.0%	2.25%	2.25%	2.0%
	2019	2020	2021	2022	2023
<4	120,442	122,851	128,441	128,441	131,010
begin 5	122,851	125,308	128,127	131,010	133,631
begin 8	125,260	127,765	130,640	133,579	136,251
begin 11	127,669	130,222	133,152	136,148	138,871
begin 14	130,078	132,680	135,665	138,717	141,491
begin 17	132,486	135,136	138,177	141,285	144,111
begin 20	135,139	137,842	140,943	144,114	146,997

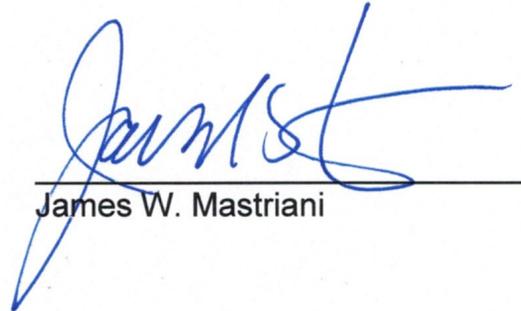
Sergeants in Grade more than 3 years

	0%	2.0%	2.25%	2.25%	2.0%
	2019	2020	2021	2022	2023
begin 5	126,142	128,665	131,560	134,520	137,210
begin 8	128,616	131,188	134,140	137,158	139,901
begin 11	131,089	133,711	136,719	139,795	142,591
begin 14	133,562	136,233	139,298	142,432	145,281
begin 17	136,036	138,757	141,879	145,071	147,972
begin 20	138,518	141,288	144,467	147,718	150,672

All employees eligible for step movement shall move to the next step they are eligible for annually consistent with the manner in which they have done so in the past.

All increases shall be effective and retroactive to their annual effective dates each January 1. All existing employees and those who have retired on normal or accidental disability shall be entitled to retroactivity.

Dated: September 4, 2020
Sea Girt, New Jersey



James W. Mastriani

State of New Jersey }
County of Monmouth }ss:

On this 4th day of September, 2020, before me personally came and appeared James W. Mastriani 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 same.



Gretchen L Boone
Notary Public
New Jersey
My Commission Expires 8-24-2022
No. 50066778