

Technical Institute became Bates Technical College (Bates), a state institution of higher education operated under Title 28B RCW.

The Community and Technical College Act of 1991 explicitly preserved the collective bargaining rights of non-teaching employees being transferred to the renamed technical colleges. RCW 28B.50.874 provided:

28B.50.874 Transfer of administration of vocational-technical institutes to system of community and technical colleges--Personnel rights. **When the state system of community and technical colleges assumes administrative control of the vocational-technical institutes, personnel employed by the vocational-technical institutes shall:**

(1) **Suffer no reduction in compensation, benefits, seniority, or employment status.** After September 1, 1991, classified employees shall continue to be covered by chapter 41.56 RCW ...;

...
An exclusive bargaining representative certified to represent a bargaining unit covering employees of a vocational-technical institute on September 1, 1991, shall remain the exclusive representative of such employees thereafter until and unless such representative replaced or decertified in accordance with state law.

Any collective bargaining agreement in effect on June 30, 1991, shall remain in effect as it applies to employees of vocational technical institutes until its expiration or renewal date or until renegotiated or renewed in accordance with chapter 28B.52 or 41.56 RCW. **After the expiration date of a collective bargaining agreement, all of the terms and conditions specified in the collective bargaining agreement, as it applies to employees of vocational-technical institutes, shall remain in effect until the effective date of a subsequent agreement, not to exceed one year from the termination date stated in the agreement.** The board of trustees and the employees may mutually agree to continue the terms and conditions of the agreement beyond the one year extension. However, **nothing in this section shall be construed to deny any employee right granted under chapter**

28B or 41.56 RCW. Labor relations processes and agreements covering classified employees of vocational technical institutes after September 1, 1991, shall continue to be governed by chapter 41.56 RCW.

[Emphasis by bold supplied.]

The one-year extension language found in RCW 28B.50.874 (for contracts in effect as of June 30, 1991), reflects the one-year extension established in RCW 41.56.123 (which had been in effect since July 23, 1989). That law reads as follows:

RCW 41.56.123 COLLECTIVE BARGAINING AGREEMENTS--EFFECT OF TERMINATION--APPLICATION OF SECTION. (1) After the termination date of a collective bargaining agreement, all of the terms and conditions specified in the collective bargaining agreement shall remain in effect until the effective date of a subsequent agreement, not to exceed one year from the termination date stated in the agreement. Thereafter, the employer may unilaterally implement according to law. ...

Bates and the union negotiated a collective bargaining agreement for a unit composed of secretarial, professional and technical employees, which was effective for the period September 1, 1991 through August 31, 1993. That contract provided health insurance benefits through a private carrier, stating in pertinent part:

Section 16. Insurance Benefits

16.1 All insurance programs shall be offered to the employees through the Sound Partnership (formerly the Tacoma School Employees Insurance Trust) (hereinafter "TRUST"). Unless otherwise expressly provided for the term of this agreement. There shall be eight (8) trustees, three (3) of whom are appointed by the Tacoma School District, three (3) by the TEA President, one (1) by the Operating Engineers, Local 286, and one (1) by the

Tacoma Federation of Paraprofessionals,
Local 461.

- 16.1.1 The length of the appointment, responsibilities and powers of the trustees shall be determined by the Trust document, provided the trustees shall have no authority to act in violation of this section.
- 16.2 In keeping with the powers and responsibilities [sic] as described in the Trust document, the funding available from the College and/or plan participants, the trustees shall determine the benefits to be provided and the contributions [sic] required of plan participants. The Trust shall offer Long Term Disability, Group Term Life, Vision, Dental and Health insurances.
- 16.3 The College shall provide an insurance benefit contribution to the TRUST of the State allocation amount per month, per FTE (1440 hours classified).
- 16.4 Eligibility - An employee is eligible for insurance benefits if the employee's regular working assignment is at least half time but less than full time. An employee whose working assignment is for at least half time or more but not full time shall be eligible for a prorated payment for insurance benefits.
 - 16.4.1 Employees not eligible, including substitutes, will be extended the privilege of payroll deduction of the entire premium, provided they meet the requirements of the individual plan.
- 16.5 In the event of a death, divorce or retirement of a spouse, in whose name a policy has been issued, an employee will be allowed 30 days in which to enroll in the health insurance plan.
- 16.6 The insurance benefits contributions provided by this section may be reopened by the Association for negotiations in any of the following events: (1) the compensation limitation laws are voided by court action; (2) the legislature removes or eases compensation limitations; (3) the TRUST is dissolved; or

considers dissolving; (4) the TRUST acts in violation of this section.

While that contract was in effect, the Legislature passed and the Governor signed health care reform legislation which affected the health insurance coverage of state employees covered through the Washington Health Care Authority (HCA).²

Negotiations between Bates and the union for a successor agreement began in September of 1993. During those negotiation sessions, the union proposed that the health insurance provisions of the expired agreement (including that health insurance be provided by private carriers) be carried forward in a successor agreement.

In a letter dated October 19, 1993, the HCA informed the employer that all eligible employees who were transferred to Bates Technical College as state employees must be enrolled in the state health care plan no later than April 1, 1994. The HCA asserted that failure to enroll the employees in its health plans offered for state employees did not comport with RCW 28B.50.874.

In a letter dated December 8, 1993, the employer informed the union that it had been advised it was required to move its health care coverage to the plans offered by the HCA. The employer asserted that the Attorney's General's office had examined some legislation and had advised the employer that it did not contain anything which would exempt Bates from moving to the HCA plans.³

² The state "Health Care Authority" was created by the Washington State Health Care Reform Act of 1988, codified in Chapter 41.05 RCW. It was directed to provide comprehensive health care with the least financial burden for state employees and those dependent on the state for medical insurance.

³ We are unable to identify the legislation precisely.

By memorandum dated December 9, 1993, Assistant Attorney General Richard M. Montecucco notified the employer that April 1, 1994, was the deadline to enroll its employees in the HCA insurance plans.

On or about December 10, 1993, the employer again informed union negotiators that the members of the bargaining unit could no longer be covered by health insurance plans offered by private carriers, and that all employees must enroll in plans offered by the state.

On April 1, 1994, the employer enrolled the bargaining unit employees in insurance plans sponsored by the HCA. On April 18, 1994, the Tacoma Education Association filed a complaint charging unfair labor practices with the Commission, alleging that Bates Technical College violated RCW 41.56.140(1) and (4), by unilaterally changing employee health insurance benefits. In its answer, the employer admitted the facts as alleged, but claimed it had no discretion or authority to bargain over health care, because of the information and counsel it had received.

On October 20, 1994, the employer filed a motion for summary judgment. In turn, the union filed a motion for summary judgment in its favor on December 7, 1994.

Examiner Frederick J. Rosenberry issued a summary judgment on June 7, 1995. The Examiner found that, by declining to bargain with the union, and by unilaterally requiring that employees enroll in the HCA insurance programs, Bates Technical College failed to bargain in good faith, violated RCW 41.56.140(1) and (4), and violated RCW 41.56.123.

On June 27, 1995, Bates petitioned for review of the Examiner's decision. Attached to its petition for review was a copy of Second Engrossed Second Substitute House Bill 1566, which was to become effective July 1, 1995. That law includes the following wording:

Section 8. RCW 41.04.205 and 1993 c 386 s 3 are each amended to read as follows:

(1) Notwithstanding the provisions or RCW 41.04.180, the employees ... shall be eligible to participate in any insurance or self-insurance program for employees administered under chapter 41.05 if the legislative authority of any such county, municipality, or other political subdivisions of this state determines, subject to collective bargaining under applicable statutes, a transfer to an insurance or self-insurance program administered under chapter 41.05 RCW should be made.

...

Sec. 10. A new section is added to Title 28B RCW to read as follows:

Employees of technical colleges who were members of the public employees' benefits trust and as a result of chapter 238, Laws of 1991, were required to enroll in public employees' benefits board-sponsored plans, must decide whether to reenroll in the trust by January 1, 1996, or the expiration of the current collective bargaining agreements, whichever is later. Employees of a bargaining unit or administrative or managerial employees otherwise not included in a bargaining unit shall be required to transfer by group.

...

The employer's petition for review brought the matter before the Commission.

POSITIONS OF THE PARTIES

The employer asks the Commission to reverse the Examiner's decision and dismiss the unfair labor practice complaint. It argues that all of the employer's classified employees were required to enroll in HCA-sponsored health care plans prior to the effective date of the new legislation, and that the issue of health insurance benefits was not legally within the employer's discretion to negotiate. In the alternative, the employer asks that the ordered

remedies be vacated on the basis that they are moot in light of new legislation. The employer contends that the new legislation makes clear the intent of the Legislature in regard to the health insurance issue. The employer asserts that the fact that it worked with the union toward a legislative solution refutes the implications of bad faith inherent in the finding of an unfair labor practice.

The union did not respond to the employer's petition for review.

DISCUSSION

Mandatory Subjects of Bargaining

The duty to bargain under the Public Employees' Collective Bargaining Act is defined in RCW 41.56.030(4), as follows:

"Collective bargaining" means ... to meet at reasonable times, to confer and negotiate in good faith, and to execute a written agreement with respect to grievance procedures and collective negotiations on personnel matters, including wages, hours and working conditions, which may be peculiar to an appropriate bargaining unit ...

The Supreme Court of the State of Washington has approved of the interpretation of Chapter 41.56 RCW in a manner consistent with the National Labor Relations Act (NLRA). IAFF v. PERC (City of Richland), 113 Wn.2d 197 (1989). Under precedents of the National Labor Relations Board and this Commission, the duty to bargain in good faith is an "obligation ... to participate actively in the deliberations so as to indicate a present intention to find a basis for agreement ... [t]he totality of conduct must be considered." Federal Way School District No. 210, Decision 232-A (EDUC, 1977),

citing NLRB v. Wooster Division of Borg Warner, 356 U.S. 342 (1958).

The potential subjects for bargaining between an employer and union are commonly divided into categories of "mandatory", "permissive" and "illegal". Federal Way School District, supra. Matters affecting wages, hours, or conditions of employment are mandatory subjects of bargaining. Health insurance clearly is a significant benefit to employees and an aspect of the "wages, hours and working conditions" over which parties must bargain. Even in situations where there is no duty to bargain over a particular decision, an employer may still have an obligation to bargain the effects of that change.

In this case, the employer refused to bargain in good faith with the exclusive bargaining representative, and unilaterally implemented a change of employee health insurance benefits on April 1, 1994. It did so on the basis that there was nothing to bargain over, because it believed it had no choice in switching bargaining unit employees to the HCA-sponsored insurance plans.

Unilateral Changes Prohibited

An employer's unilateral change of a mandatory subject of bargaining without agreement of the organization representing the affected employees will ordinarily constitute a refusal to bargain.⁴ If the exclusive bargaining representative makes a request for bargaining, the employer must bargain in good faith to either an agreement or an impasse. Lewis County, Decision 3418 (PECB, 1990; Pierce County, Decision 1710 (PECB, 1983). Nothing in the transfer statute specifically exempted health insurance from coverage under the term "wages, hours and working conditions".

⁴ Federal Way School District, supra.

In this case, the employer took unilateral action less than one year after the expiration of the parties' 1991-1993 collective bargaining agreement, giving rise to a violation under RCW 41.56.123. Under that statute, the terms and conditions of the parties 1991-93 contract remained in effect for a one year freeze period that did not end until August 31, 1994.

The Legal Necessity Defense

The employer argues that the issue of health insurance benefits was not legally within its discretion to negotiate at the time. "Legal necessity" is a defense used in contract law to invalidate a contract. In general, a contract that is contrary to the terms and policy of a statute is illegal and unenforceable.⁵ In this case, since a reading of the pertinent statutes shows no illegality that would have arisen from the negotiation of health insurance, the employer's defense is an affirmative one, which it bears the burden of proving.

Whether we find this defense has merit depends on whether we defer to the interpretation of the law made by the Office of the Attorney General. The Assistant Attorney General relied upon the law governing the Health Care Authority, and does not appear to have considered collective bargaining law. The Supreme Court of the State of Washington has ruled that Chapter 41.56 RCW prevails in the event of a conflict between state statutes. In Rose v. Erickson, 106 Wn.2d 420 (1986), a sheriff refused to process a contract grievance, taking the position that the employee's exclusive redress was under RCW 41.14.⁶ The issue before the

⁵ Barnier v. Kent, 44 Wn.App. 868 (1986).

⁶ A deputy sheriff filed a grievance pursuant to a collective bargaining agreement which provided: "Any disciplinary action or measure imposed upon a permanent employee may be processed as a grievance through the regular Civil Service procedures".

court, in that case, was whether the procedures set forth in RCW 41.14, which established a merit system of employment for county deputy sheriffs and other employees of the office of county sheriff, preempt the grievance procedures set forth in a collective bargaining agreement. Holding that Chapter 41.56 RCW prevails, the court quoted RCW 41.56.905, which reads:

The provisions of this chapter are intended to be additional to other remedies and shall be liberally construed to accomplish their purpose. Except as provided in RCW 53.18.015, if any provision of this chapter conflicts with any other statute, ordinance, rule or regulation of any public employer, the provisions of this chapter shall control.

The court in Rose quoted from Spokane v. Spokane Police Guild, 87 Wn.2d 457, 464 (1976), which commented on RCW 41.56.905 as follows:

The legislature ... provided in RCW 41.56.905 that the provisions of the act "shall control" in case of conflict with "any other statute, ordinance, rule or regulation of any public employer as it relates to uniformed employees.

The court in Rose was also influenced by the legislative history, noting that:

RCW 41.56.905 was added as a part of the 1973 amendment to chapter 41.56. Laws of 1973, ch. 131, Section 10. Significantly, in Laws of 1983, ch. 287, Section 5, the Legislature changed the references to the 1973 amendment and enacted the provisions stating that a liberal construction should be given to all of RCW 41.56 and conflicts resolved in favor of the dominance of that chapter.

The court found that change in the legislation to be significant, and concluded that in the event of conflict between RCW 41.14 and RCW 41.56, RCW 41.56 must prevail.

In City of Yakima v. International Association of Fire Fighters, 117 Wn.2d 655 (1991), the Supreme Court found that the city was required to bargain collectively with its police and fire fighter unions with respect to matters it delegated to its civil service commission. The creation of that civil service commission pursuant to other state statutes, Chapters 41.08 and 41.12 RCW, was not sufficient to exempt the otherwise "mandatory" subject matter from collective bargaining. The court was guided by the legislative directive that the Public Employees' Collective Bargaining Act was remedial in nature and to be liberally construed to provide public employees with the right to join and be represented by labor organizations of their own choosing, and to provide for a uniform basis for implementing that right.⁷ The court also said that the interpretation of the statute by the Public Employment Relations Commission is given great weight in determining the legislative intent of the statute.

In City of Pasco, 119 Wn.2d 504 (1992), the court held that the union's proposed contract term providing an option to the employee to utilize contract grievance procedures for review of disciplinary actions is a mandatory subject of collective bargaining. In that case, the court interpreted the legislative intent of RCW 41.56.030(4) to be construed liberally in favor of collective bargaining, partially because of RCW 41.56.905, which states that except as provided in RCW 53.18.015:

if any provision of this chapter conflicts with any other statute, ordinance, rule or regulation of any public employer, the provisions of this chapter shall control.

⁷ The court narrowly construed the exception found in RCW 41.56.100, saying that in order for the City of Yakima to be exempt from collectively bargaining those matters which are mandatory subjects of bargaining and which the city delegates to its civil service commission, that commission must be similar in scope, structure and authority to the state personnel board.

The court concluded that "[T]he City's reading of the statute results in a very narrow and unpredictable set of subjects for mandatory collective bargaining", and "is clearly antithetical to RCW 41.56.905 and policy expressed in our recent cases".

The Public Employment Relations Commission is the agency charged with the interpretation of the collective bargaining laws. The employer offers limited rationale in support of its request to overturn the Examiner's decision. It does not recognize or consider in any way the one year extension period for collective bargaining agreements as set forth in RCW 41.56.123. Its arguments do not refer to the importance of the 1991-93 contract provisions. As the Examiner found, the employer's arguments in this case are based on statutory language that is much weaker than has been used by the Legislature in comparable situations. The employer does not give due consideration to the language of the transition law, which fell short of **requiring** that technical college employees be covered by state plans administered under Chapter 41.05 RCW.

On some occasions the Commission has deferred to the legal opinions of other agencies, but we do not think this is a proper case in which to do so.⁸ We find a direct affront to RCW 41.56.123 here, so that any perceived inconsistencies in the laws do not warrant dismissal. In this case, we find no regulation which allows the

⁸ In Tacoma School District, Decision 5086-A and 5087-A (PECB, 1995), resolution of the complaint rested on the interpretation of statutes not directly under the jurisdiction of the Commission. In that case, the complainant alleged that the union and employer interfered with her rights under RCW 41.59.140(1)(a) and (2)(a) by bargaining pay rates for substitute teachers that were not in compliance with RCW 28A.400.200. The employer argued that the minimum salary requirements of RCW 28A.400.200 do not apply to substitute teachers, and that the state budgeting process does not allow for distinct allocation of substitute teachers. The Commission found that the SPI rules directly contradicted the theory advanced by the complainant. The Commission concluded that it was entitled to rely on the validity of those rules.

employee insurance provisions of the parties' 1991-1993 contract to be waived. The employer has not met its burden of proving there was legal impediment to its discretion to negotiate the issue of health insurance benefits.

Effect of New Legislation

Breach of Good Faith

The employer takes issue with the Examiner's finding of a "refusal to bargain" violation, asserting that the fact the parties worked together towards a legislative solution refutes the implications of bad faith inherent in the finding of an unfair labor practice. Under Federal Way, supra, a per se unfair labor practice violation will ordinarily be found when an employer makes a unilateral change on a mandatory subject during negotiations for a collective bargaining agreement without the agreement of the exclusive bargaining representative. We do not doubt the employer acted as it did because of a mistaken belief that the passage of RCW 28B.50.874 relieved it from any bargaining obligation. Nevertheless, a specific finding of bad faith is not necessary in such instances.⁹ The employer's bargaining effort after presenting the union with a fait accompli does not preclude the finding of an unfair labor practice.

Mootness

The employer argues that the specified remedies are now moot in light of the new legislation. We disagree. When situations giving rise to unfair labor practices are resolved, the unfair labor practice itself generally does not become moot. See, Shelton School District, Decision 579-B (EDUC, 1984). In that case, the

⁹ A finding of bad faith is normally necessary only when allegations include other refusal to bargain allegations, the totality of conduct is considered, and there is no allegation of a unilateral change.

Commission applied precedent from the National Labor Relations Act and said:

An injustice to the parties, and to the beneficial purpose of the public sector labor laws, would occur if cases were dismissed or remedies were abated because [in that case] an improvement in a collective bargaining relationship occurs while a case makes its way through a long and tedious course of litigation.

Decision 579-B at pages 4-5.¹⁰

A thorough reading of the 1995 Amendments to RCW 41.04.205 fails to persuade us that the employer properly changed employees' medical insurance in April of 1994. The cited provisions do not address in any way whether an unlawful unilateral change was made in 1994. The legislation in effect in 1994 did not excuse the employer from its obligations under the one-year extension period under RCW 41.56.123.

Duty to Bargain Effects

Even if the employer had no duty to bargain on a particular subject, it would still have been required to bargain the effects of any change involving health insurance. See, Wenatchee School District, Decision 3240-A (PECB, 1990); Mukilteo School District 6, Decision 3795 (PECB, 1991), reversed on other grounds, Decision 3795-A (PECB, 1992); and Lake Chelan School District 129, Decision

¹⁰ See, also, Shelton School District No. 309, Decision 485-B (EDUC, 1979), [where the Commission found settled law in the administration of the NLRA that the discontinuance of unfair labor practices does not dissipate their effect nor obviate the need for remedial order]; City of Seattle, Decision 3169-A (Decisions 3170-A through 3175-A (PECB, 1990, [where the Commission found that unfair labor practices do not become "moot" merely because the offending party ceases its unlawful conduct voluntarily or under threat of proceedings before the Commission.]); City of Pasco, Decision 2929 (PECB, 1988); City of Seattle, Decision 3329-B (PECB, 1990); and City of Yakima, Decision 3974 (PECB, 1992).

4940-A (EDUC, 1995). There could have been issues relating to the date, to the method of making the change, or the actual coverage, that could have been fashioned through a mutually agreeable bargaining process between the parties. The employer failed to bargain those types of issues, too.

NOW, THEREFORE, it is

ORDERED

The Findings of Fact, Conclusions of Law, and Order issued in this matter by Examiner Frederick J. Rosenberry are affirmed and adopted as the Findings of Fact, Conclusions of Law, and Order of the Commission.

Bates Technical College, its officers and agents, shall immediately take the following actions to remedy its unfair labor practices:

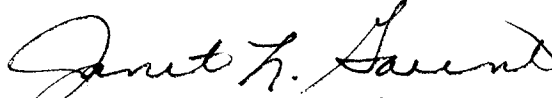
1. CEASE AND DESIST from:
 - a. Refusing to bargain collectively with Tacoma Education Association, an affiliate of the Washington Education Association, as the exclusive bargaining representative of the employees in the appropriate bargaining unit described in paragraph 2 of the foregoing findings of fact.
 - b. Imposing unilateral changes in terms and conditions of employment without having bargained in good faith.
 - c. In any other manner interfering with, restraining or coercing its employees in their exercise of their collective bargaining rights secured by the laws of the State of Washington.

- 2 TAKE THE FOLLOWING AFFIRMATIVE ACTION to effectuate the purposes and policies of Chapter 41.56 RCW.
- a. Reinstate the provisions of Article 16 of the parties' 1991-93 collective bargaining agreement with respect to participation in the Sound Partnership "Trust".
 - b. Make all employees adversely affected by the unilateral change of health care insurance whole for all loss of benefits resulting from the unilateral change.
 - c. Upon request, bargain collectively in good faith with the Tacoma Education Association, an affiliate of the Washington Education Association, prior to implementing any changes in employee health insurance benefits.
 - d. Post, in conspicuous places on the employer's premises where notices to all employees are usually posted, copies of the notice attached hereto and marked "Appendix". Such notices shall be duly signed by an authorized representative of the above-named respondent, and shall remain posted for 60 days. Reasonable steps shall be taken by the above-named respondent to ensure that such notices are not removed, altered, defaced, or covered with other material.
 - e. Notify the above-named complainant, in writing, within 30 days following the date of this order, as to what steps have been taken to comply with this order, and at the same time provide the above-named complainant with a signed copy of the notice required by the preceding paragraph.
 - f. Notify the Executive Director of the Public Employment Relations Commission, in writing, within 30 days following the date of this order, as to what steps have been taken

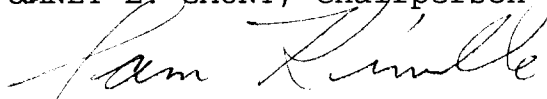
to comply with this order, and at the same time provide the Executive Director with a signed copy of the notice required by this order.

Issued at Olympia, Washington, the 31st day of January, 1996.

PUBLIC EMPLOYMENT RELATIONS COMMISSION



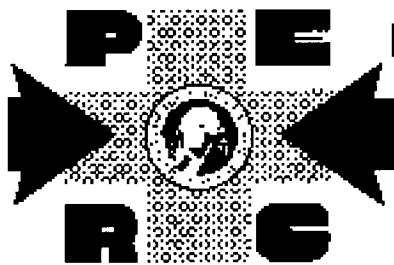
JANET L. GAUNT, Chairperson



SAM KINVILLE, Commissioner



JOSEPH W. DUFFY, Commissioner



PUBLIC EMPLOYMENT RELATIONS COMMISSION

NOTICE

THE PUBLIC EMPLOYMENT RELATIONS COMMISSION, A STATE AGENCY, HAS HELD A LEGAL PROCEEDING IN WHICH ALL PARTIES WERE ALLOWED TO PRESENT EVIDENCE AND ARGUMENT. THE COMMISSION HAS FOUND THAT WE HAVE COMMITTED UNFAIR LABOR PRACTICES IN VIOLATION OF A STATE COLLECTIVE BARGAINING LAW, AND HAS ORDERED US TO POST THIS NOTICE TO OUR EMPLOYEES:

WE WILL, upon request, bargain collectively in good faith with the Tacoma Education Association regarding any changes in employee health insurance benefits prior to implementing any change of benefits.

WE WILL NOT, in any other manner, interfere with, restrain, or coerce our employees in the exercise of their collective bargaining rights under the laws of the State of Washington.

DATED: _____

BATES TECHNICAL COLLEGE

BY: _____
Authorized Representative

THIS IS AN OFFICIAL NOTICE AND MUST NOT BE DEFACED BY ANYONE.

This notice must remain posted for 60 consecutive days from the date of posting, and must not be altered, defaced, or covered by any other material. Questions concerning this notice or compliance with the order issued by the Commission may be directed to the Public Employment Relations Commission, 603 Evergreen Plaza Building, P. O. Box 40919, Olympia, Washington 98504-0919. Telephone: (360) 753-3444.