

STATE OF WISCONSIN  
WISCONSIN EMPLOYMENT RELATIONS COMMISSION  
BEFORE  
ARBITRATOR GIL VERNON

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In the Matter of the Interest Arbitration between

**THE GREENDALE PROFESSIONAL POLICE ASSOCIATION**

and

**Case 585 0000  
MIA**

**VILLAGE OF GREENDALE**

**Dec: 38430-C**

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APPEARANCES:

On behalf of the Village: Daniel G. Vliet, Esq. and Saveon D. Grenell, Esq.-  
Buelow Vetter Buikema Olson & Vliet, LLC

On behalf of the Union: Christopher J. MacGillis and Kevin P. Todt, Esq.-  
MacGillis Wiemer, LLC,

**I. BACKGROUND**

The Parties were unsuccessful in their attempts to reach a voluntary agreement on the terms of a successor to their 2016-2018 collective bargaining agreement. A petition was filed to initiate interest arbitration, and the parties jointly requested that a Wisconsin Employment Relations (WERC) Staff member be appointed as the mediator to assist in resolving the outstanding issues.

Following the mediation, the parties submitted their final offers. On April 17,

2020, the WERC closed the investigation, certified the final offers, and ordered final and binding interest arbitration to resolve the impasse. The undersigned was selected as Arbitrator and a hearing date of September 30, 2020 was established. At the hearing the Parties presented evidence (documents and testimony) with the proceedings being transcribed. Post hearing briefs were filed on November 16, 2020 with each side reserving the right to file reply briefs. On November 23, 2020, they advised they had conferred and had agreed not to file any post-brief argument.

This matter comes before the Arbitrator pursuant Section 111.77(4)(b) of the Wisconsin Municipal Employment Relations Act (MERA). It requires the Arbitrator to select the final offer that is most consistent with the applicable decisional factors.

## **II. STATUTORY CRITERIA**

The criteria to be utilized by the Arbitrator in rendering the award are set forth in Section 111.77(6), Wis. Stats., as follows:

(6) (am) In reaching a decision the arbitrator shall give greater weight to the economic conditions in the jurisdiction of the municipal employer than the arbitrator gives to the factors under par. (bm). The arbitrator shall give an accounting of the consideration of this factor in the arbitrator's decision.

(bm) In reaching a decision, in addition to the factors under par. (am), the arbitrator shall give weight to the following factors:

1. The lawful authority of the employer.
2. Stipulations of the parties.
3. The interests and welfare of the public and the financial ability of the unit of government to meet these costs.

4. Comparison of wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:

a. In public employment in comparable communities.

b. In private employment in comparable communities.

5. The average consumer prices for goods and services, commonly known as the cost of living.

6. The overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

7. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

8. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

### III. FINAL OFFERS

#### A. Wage Increase

The following table from the Union’s brief fairly represents the Parties’ respective final offers on this issue:

	<u>GPPA Final Offer</u>		<u>Village Final Offer *</u>	
	<b>Patrol Officers</b>	<b>Detectives</b>	<b>Patrol Officers</b>	<b>Detectives</b>
2019	2.25%	3.25%	4.0%	4.0%
2020	2.25%	3.25%	4.0% <sup>i</sup>	4.0%
2021	2.25%	3.25%	2.25%	2.25%

\* The Village’s final offer also includes an increase in starting wages for patrol officers in the amount of \$5,438.69.

## B. Retiree Health Insurance

The proposals for retiree health insurance are best understood by contrasting the status quo language of Section 16.02 with the Employer's offer. The current language reads:

**“Section 16.02:** The employer agrees that the employees who retire under the Wisconsin retirement system as per guidelines set by the Wisconsin retirement system, or older during the life of this agreement shall be continued for the balance of their lives as members of the group health insurance plan applicable to the collective bargaining unit under the following conditions:

A. The amount of the payment made by the employer will be based on the number of years of incredible service with the employer usually using the following formula:

With ten (10) years of service:	50% payment
With fifteen (15) years of service:	60% payment
With twenty (20) years of service:	70% payment
With twenty-five (25) years of service:	75% payment

Employees who retire under a disability retirement under Chapter 40 of the Wisconsin State Statutes: 75% payment

The Employer's final offer would have this language continue to apply to employees hired before December 31, 2021. Thus, there would be no changes in retiree health insurance payments the first two years of the contract. In addition to language reflecting this, the Village's final proposal would make changes in retiree health insurance for those hired after December 31, 2021. The language of their final offer in this regard reads:

“For employees hired after December 31, 2021, Employer shall pay 50% of the cost of health insurance in effect as of the Employee's retirement for employees who retire with at least 25 years of service. The Employer's contribution shall be frozen at that amount and the employee shall pay the remainder as well as any increase in the cost of the coverage.”

The Union proposes to maintain the current status quo language of Section 16.02.

#### **IV. OPINION AND DISCUSSION**

The first statutory criteria, the one that must be given greater weight, is Wis. Stats. Section 111.77 (6) (am) which states:

“In reaching a decision, the arbitrator shall give greater weight to the economic conditions in the jurisdiction of the municipal employer than the arbitrator gives to the factors under par. (bm). The arbitrator shall give an accounting of the consideration of this factor in the arbitrator's decision.”

There is one aspect of the evidence which shows Greendale may be facing an economic challenge that other comparable communities don't. This relates to the instability of South Ridge Mall as the Village's largest taxpayer. This is a new and developing situation and its impact is largely unknown at this time. Nonetheless, the fact that the Union's offer costs the Village less is in the Union's favor. The total wage increases under the Village offer are 10.25% or 3.5% more than the Union package. It should not be lost either that the 4% wage increase under the Employer proposal compared to a 2.5% wage increase under the Union proposal increases and compounds the village wage bill over time. Accordingly, in the traditional sense of the “economic conditions” factor, the Union's offer is favored.

Of course, wages aren't the only issue here. The Village's central argument for its retiree health insurance proposal relates to the negative implications of

unfunded municipal liabilities also referred to as “OPEB” or “other post-employment benefits”. Yet, this is sold mostly on the value of the proposal’s intrinsic financial policy rather than evidence relating to Greendale’s economic conditions (as that criteria has been understood).

The financial implications of the offers are clearly relevant. However, they don't neatly fit under the ‘greater weight’ factor. Municipal financial matters align more naturally with, Wis. Stat. § 111.77(6)(bm) (3) which states that the Arbitrator shall consider “The interests and welfare of the public and the financial ability of the unit of government to meet these costs”.

These considerations as well can be reflected in, and guidance gained from, comparisons to other municipalities to see how they have reacted to a very common problem. Greendale isn't the only municipality in its comparable pool stuck between the crossfire of the need to fund OPEB and imposed revenue limitations.

Indeed, the Village rather than significantly relying on the “greater weight” factor looks to other municipalities to demonstrate the need to control retiree health insurance and the methods to achieve it. Relevant here is the vast common law that has developed over the years which provides guidance for Wisconsin public sector parties in negotiating collective bargaining agreements and which is instructive to arbitrators in evaluating their determinations as to which last best final offer is

most consistent and, therefore, most reasonable with the applicable statutory criteria.

Both parties recognize that a subset of those arbitral principles are especially relevant here because the Employer proposes a noteworthy and not insignificant change in long-agreed to health insurance benefits for retirees. These principles have been expressed in various ways (none of them with universal or magically phrased dicta given the variances in the facts and circumstances of individual cases). Nonetheless, any useful expression of such analysis includes the notion that a significant change in the contractual status quo concerning its substantive provisions requires a demonstration of (1) if, and the degree to which, there is a demonstrated need for the change; (2) if the proposal reasonably addresses the need; (3) if, and the degree to which, there is support in the comparables and (4) the nature of an offered quid pro quo, if any, for the change. Of course, none of these tests can be treated outside the context of the applicable statutory criteria.

The Arbitrator agrees with the Village to the extent that a review of the comparables regarding retiree health insurance benefits strongly suggests that there is a need--reflected by the collective consensus--to moderate retiree health insurance benefits. Comparable municipalities do this in a variety of ways (and in different combinations). They include, at least, four different methods. First, many 'grandfather' employees with more tenure and reduce the benefit of new hires.

Second, they give higher benefits to employees who stay longer and less to those who don't. Third, many limit the percentage of the premium the employer pays. Last, some shift part, or in a few instances all, of the cost of future premium increases to the employee/retiree.

While these methods are clear, other than 'grandfathering' current employees, there isn't a strong pattern that tracks with the Village's offer. Moreover, and to put it plainly, the Village proposal seems to cherry pick or aggregate the most favorable (to them) aspects of the varied comparable retiree insurance benefit provisions.

To summarize the Arbitrator's impression/opinion the Village tries to change too much too soon. The most militating aspect is that the entire responsibility for future premium increases falls on the retiree. This obviously erodes the benefit and could result in extinguishing the benefit all together. If Ben Franklin were alive, he would no doubt add health insurance premium increases to his list of life's certainties . It is noted as well, as the Union argues, the Village has unilateral tools available to it to mitigate health insurance cost increases. Moreover, the Arbitrator is not impressed with the quid pro quo enough to say that the Union's refusal to voluntarily agree to it is unreasonable.

It is true that the Union makes no proposal to address the need identified by the Village. This is mitigated in two respects in this case. First, relatively soon the



Parties will start bargaining for the next collective bargaining agreement. Second, as will be discussed below is that the most important internal comparable supports the Union's position and not the Employer's.

Internally, the Village offer is inconsistent with its voluntary agreement for the same period of time of 2019 to 2021 with the Firefighter's. Although retiree benefits for Firefighters aren't identical to Police, they are similar enough to make the fact that the Village agreed to a collective bargaining agreement with the Firefighters without changes to retiree health insurance obviously significant. Due to a history of internal consistency and parity (to a large degree) between the settlements with the Police and Firefighter's Unions, this factor weighs heavily against the Employer offer. Moreover, the Employer's attempt to distinguish their settlement with the Firefighters from the Union's proposal is unpersuasive.

It is common across the state for police and fire bargaining units to have histories of tracking each other's wage increases and major benefits. It is also not unusual to distinguish these sub-patterns from those of Employers' other bargaining units. There is good reason for that. It all comes down to risk and safety. Without demeaning the public service of any municipal employee, a Parks or Street department employee, for instance, does not carry a great risk of getting killed or seriously injured on the job. Also, to be considered is the wear-and-tear factor which is greater in protective services.

As to the Firefighter settlement, and to be more specific, the Union's offer is identical in its major components to the Firefighter settlement . The most populated classifications (Patrol Officers and Firefighters) got the same 2.25% increase in each year of the contract. There were even larger increases in the Firefighter collective bargaining agreement for paramedics which roughly parallel the classification of detective under the Union's offer.

In summary, the 'greater weight' factor favors the Union as do, on balance and to a controlling degree, the other statutory criteria

### **AWARD**

The Union's proposal will be made part of the Parties' 2019-2021 Collective Bargaining Agreement.

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Gil Vernon, Arbitrator

Dated: January 22, 2021

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