STATE OF WISCONSIN
BEFORE THE ARBITRATOR

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In the Matter of Interest Arbitration
Between

PRICE COUNTY

And

PRICE COUNTY HIGHWAY DEPARTMENT EMPLOYEES, LOCAL 1405, AFSCME, AFL-CIO

Case 67
No. 57326
Int/Arb-8696
Decision No. 29725-A

Gil Vernon, Arbitrator

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APPEARANCES:

On Behalf of the County: David Deda, Attorney

On Behalf of the Union: Phil Salamone, Staff Representative - AFSCME Council 40

I. BACKGROUND

The parties exchanged their initial proposals and bargained on matters to be included in a collective bargaining agreement to succeed the agreement which expired December 31, 1998. On February 26, 1999 a petition was filed requesting that the Wisconsin Employment Relations Commission initiate arbitration pursuant to Wis Stats. Sec. 111.70(4)(cm)6. Later, a member of Commission's staff conducted an investigation which reflected that the parties were deadlocked in their negotiations, and, by September 7, 1999, the parties submitted to the investigator their final offers, written positions regarding authorization of inclusion of nonresidents of Wisconsin on the arbitration panel to be submitted by the Commission, as well as a stipulation of matters agreed upon. The investigator then notified the parties that the investigation was closed and that the parties remain at

impasse.

On September 13, 1999 the WERC ordered the parties to select an arbitrator from a list it provided. The undersigned was selected and his appointment was ordered November 9, 1999. A hearing was scheduled and held on February 22, 2000. With consent of the parties, the Arbitrator explored the possibility of a voluntary settlement but an agreement could not be reached. The parties then submitted evidence and agreed to submit posthearing briefs and reply briefs. The record was closed on April 26, 2000.

II. FINAL OFFERS AND ISSUES

There are only two issues unresolved by the parties for their 1999-2000 contract. The issues are (1) The parties respective proposals to increase wage rates and (2) The Employer's proposal to increase effective January 1, 1999 the clothing allowance from $265 per year to $315 for the blacksmith and from $240 to $290 for all other employees.

Regarding the amount of the wage increase, the amount separating the parties is actually quite small. The Union proposes to increase wage rates by 3.25% effective January 1, 1999 and again by 3.25% effective January 1, 2000. The Employer proposed a 3% increase in 1999 and another 3% increase in 2000.

III. ARGUMENTS OF THE PARTIES (SUMMARY)

A. The Union

The Union first addresses criteria 7g of the relevant statute noting the Arbitrator is directed to give local economic conditions "greater weight". They believe the general economy in Price County is rather healthy. It has a healthy industrial manufacturing base in addition to healthy and growing construction, retail, financial and transportation sectors. It has good income data too. For example, in 1997, per capita income for Price County residents exceeded those of all but one of its surrounding neighbors, and its average per capita income was over $1300 more than the average of adjoining counties. Income levels have increased at a 5.17% clip. Given the evidence, the Union contends that Price County can well afford the extremely modest added costs associated with adoption of the Union final offer.

The Union next addresses the external comparables which they note are to be considered as part of criterion 7R(d). The Union asks the Arbitrator to consider counties contiguous to Price. More specifically they suggest that the comparability issue relates to whether or not Lincoln, Iron, and Oneida Counties are to be included for arbitral consideration.

When looking at comparable employers, the Union believes that the wage levels of Price County Highway employees are generally consistent with comparable highway departments in surrounding counties. Some of the classifications are slightly higher. Some classifications lag somewhat behind. While 1999-2000 settlements are somewhat mixed, the Union believes that in the final analysis the settlements strongly support the selection of the Union's final offer. The average two year lift in the comparables at the maximum rate for heavy equipment operators was 6.54% which compares more favorably to the Union's offer of 6.50% than the Employer's 6.0%. Additionally, if the Employer's final offer is accepted, the two classifications that lag behind the average will fall even farther behind. These are mechanic and patrolman.

The Union also notes that in a very similar dispute, the Lincoln Highway Department's offer of 3.25% was adopted over a 3% offer of the County by an arbitrator. It is also significant and noteworthy that (as in the instant proceeding), the Lincoln Highway group's wage levels were not behind those of its comparable. Also similar to the case here, Lincoln County relied heavily upon mixed internal comparables, which Arbitrator Weisberger did not give determinative weight.

Concerning internal comparability, the Union believes there to be no concrete pattern of settlement among Price County collective bargaining units for the years of 1999 and 2000. Settlements among the other units (all voluntary) appear to be "all over the ballpark". Indeed, the courthouse unit received various increases depending on classification. These special wage adjustments were instrumental in achieving 1999-2000 voluntary settlements in other Price County bargaining units. It is also undeniable that no equivalent wage adjustments were provided to the instant bargaining unit. This leads the Union to conclude there is no internal pattern that must be observed.

Regarding the County's offer to increase the clothing allowance by $50, the Union anticipates that the County will argue that this is an equivalent to the half percent the parties are apart on wages over the two year span of the contract. The

Union does not believe this to be the case for several following reasons: (1) In other Price County units wage adjustments were applied which compound upon themselves with future increases. (2) No evidence was advanced by the Employer to support a need for increased clothing allowance. (3) Wage adjustments are far more preferable to Union members due to their impact upon other economic benefits such as overtime pay, call-in pay, retirement, sick leave, vacation pay, holiday pay and retirement.

B. <u>The Employer</u>

The County believes that the internal comparable should control. However, if a decision is made in regard to external comparables, Price County believes the appropriate comparables are contiguous counties of similar size. The contiguous counties and the population for those counties that Price County believes are most appropriate as comparable are as follows: Ashland, Price, Rusk, Sawyer, Taylor and Vilas. The County argues that the other contiguous counties of Iron, Lincoln and Oneida should not be used because they are either significantly larger or smaller in terms of population. Moreover, Lincoln and Oneida are dominated by much larger cities. The six other counties are adequate and appropriate for comparison purposes.

Regarding the offers, they note a one quarter percent difference for the highest paid position is $75.19 annually. This difference is reduced by the Employer's $50 increase in the clothing allowance. Thus, the clothing allowance reduces the difference between the County's position and the Union's position during this first year to $25.19 per employee based on the rate of pay for the top employee. It is even less for lower paid positions.

It is the position of the County that the statutory criteria favor the selection of their final offer. The factor given greater weight under Section 111.70 is the local economic conditions. They are not good. Price County has been suffering from high unemployment. The largest employer in the County seat, Phillips, Wisconsin, has been in serious trouble and has laid off many employees. This was coupled with a large increase in the tax levy between 1998 and 1999 of 25%.

Looking to the other factors to be considered, they note first the other internal settlements were 3% annually for the most part. They explain the variances and contend they were appropriate. Second, the County notes that wages

in Price County are above average ranking second or third depending on the classification. Third, the County contends the significant increases in the cost of health insurance together with the layoffs in the community and the significant increase in the tax levy also support selection of Price County's last best offer as the better choice. When the significant cost of health insurance is considered, the total package value of the Employer's offer is $2255 or 6.48%.

IV. OPINION AND DISCUSSION

Neither party argues that the "greatest weight" factor ("7") applied in this case. Both, however argue that factor "7g" (the greater weight factor) supports their respective final offers. The relevant language of the statute in this regard states:

> "Factor given greater weight." In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give greater weight to economic conditions in the jurisdiction of the municipal employer than to any of the factors specified in subd.7r."

The economic data cited by both parties shows that the local economy has some strengths but also there are some weaknesses. Although there seems to be some recovery from the recent negative impact of significant layoffs at the largest employer in Phillips.

In any event, whatever the local economic conditions are, it seems safe to say that they would be reflected to some meaningful degree in the economic settlements the County has made with its other unionized groups. Put simply, it is reasonable to say that the Employer should be able to afford a settlement with the highway group that is similar in economic value to the settlements with other bargaining groups. Indeed, the Employer relies heavily on the "internal comparables". Thus, they seem to have no quarrel with the basic notion that internal settlements are generally reflective of a statutory appropriate wage increase unless adherence to the pattern creates unreasonable disparities relative to the external comparables.

While the Arbitrator agrees with the Employer that the internal settlements deserve significant consideration, he cannot agree that there is a consistent pattern of 3% wage increases for 1999 and 2000 and he cannot agree that the Union proposal of 3.25% in each year or a total of 6.5% is outside the parameters of the

other settlements. On the contrary, the Union's proposal is within the range of the settlements established in other bargaining units.

The most significant departure from the alleged pattern of 3% in 1999 and 3% in 2000 is the courthouse unit. On the face of the contract, the wage increases were 2.5% in 1999, 3% in 2000 and 3% in 2001. However, there were significant hidden increases. In order to standardize wage rates into nine different wage levels from approximately thirty-three different wage rates, many adjustments were made to the existing wage rates (which were scattered all over the lot) to bring them up to the nearest standard rate. After these adjustments were made, the 2.5% general increase was applied. A comparison of the 1998 rates for this unit (see Union Exhibit Number 13) with the adjusted rates on top of which the 2.5% increase was applied shows that there was a significant increase to rates in addition to the 2.5% for 1999. The approximate average hourly rate for the unit as a whole was $10.92 per hour in 1998. The adjustments prior to the application of the 2.5% averaged about eighteen cents per hour or 1.65%. Thus the total increase in 1999 was approximately 4.15%. Thus, when the value of the classification adjustments are combined with the 2.5% in 1999 and the 3% in year 2000, it is clearly that the economic value of the courthouse settlement exceeds the value of the Union's proposal of 3.25% in both years.

Under close examination, the value of the settlement with the deputies/jailer also exceeds the value of the County's offer to the highway employees. There are approximately eight jailers and sixteen deputies in that bargaining unit. The jailers got a 4% increase in 1999 and the deputies got 3%. Thus, the settlement averaged 3.34% per employee in 1999. The Employer argued this was justified on the basis of catch-up, but presented no evidence to support this. For instance, there is no evidence showing Price County paid its jailers significantly less than comparable employers. Meaningful evidence is needed to justify treating different employee groups differently.

The Employer did argue that its increase in the uniform allowance increases the value of its proposal above 3%. Indeed, it does. However, the value of the uniform allowance at best pushes the value of their package to approximately 3.2% for the lowest paid employee and less for higher paid employees. This is less than the 3.34% average settlement for deputies/jailers. It is also important to note that the jailers got an extra increase in their wage <u>rates</u> which has more present and future value for wage rollups (such as overtime, sick leave, call pay, vacation pay

and holiday pay) and retirement. A cash allowance, such as a clothing allowance, is simply not as valuable as a wage increase even though it might generate the same amount of money in straight time earnings the first year.

Last, the Arbitrator notes he doesn't need to resolve the issue of which employers are comparable for purposes of criteria 7R.d. This is because the internal comparables reflect at least for "the greater weight criteria" that the local economic conditions justify the Union's proposal because the Employer has given a greater increase to one other group (courthouse) and because its offer is not as significant as its settlement with another group (the deputies/jailers). The internal comparables in and of themselves justify rejection of the Employer offer based on equity considerations. The Union's offer is clearly within the range of other internal settlement and is not inconsistent with the wage increases in the external comparables regardless of which group is utilized.

AWARD

The final offer of the Union is awarded and shall become part of the parties 1999 and 2000 collective bargaining contract.

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Gil Vernon, Arbitrator

Dated this 12th day of June, 2000.