STATE OF WISCONSIN
BEFORE THE ARBITRATOR
ZEL S RICE II

In the matter of Arbitration between

Case 46 No. 61764
INT/ARB-9779
Dec. No. 30960

School District of River Falls

and

West Central Education Association (Secretaries)

Appearances: Brett J Pickerign, Executive Director, for the Union
Stephen L Weld, Attorney at Law, for the Employer

West Central Education Association, herein after referred to as the Union, filed a petition with the Wisconsin Employment Relations Commission, hereinafter referred to as the Commission, alleging that an impasse exists between it and the River Falls School District, hereinafter referred to as the Employer, in their collective bargaining. It requested the Commission to initiate arbitration pursuant to Section 111.70(4)(cm)6 of the Municipal Employment Relations Act. A member of the Commission staff conducted an investigation in the matter and submitted the results to the Commission.

At all times material herein, the Union has been and is the exclusive collective bargaining representative of certain employees of the Employer in the collective bargaining unit consisting of all regular full-time and regular part-time secretaries. The Union and the Employer have been parties to a collective bargaining agreement covering the wages, hours and working conditions of the employees in the bargaining unit.

The parties exchanged initial proposals and bargaining matters to be included in a new collective bargaining agreement. On November 4, 2002, the instant petition was filed requesting that the Commission initiate arbitration pursuant to Section 111.70(4)(cm)6 of the Municipal Employment Relations Act. A member of the Commission staff conducted an investigation and it reflected that the parties were deadlocked in their negotiations. By June 30, 2004 the parties submitted to the Commission their final offers and thereupon the investigator notified the parties that the investigation was closed and said investigator has advised the Commission that the parties remain at impasse.

The parties have not established mutually agreed upon procedures for the final resolution of disputes arising in collective bargaining.

The Commission concluded that the parties had complied with procedures set forth in Section 111.70(4)(cm)6 of the Municipal Employment Relations Act required prior to the initiation of arbitration and that an impasse existed between the parties with respect to negotiations leading toward a new collective bargaining agreement. The Commission issued an order appointing Zel S Rice II as the arbitrator in the dispute and directed him to issue a final and binding award to resolve the impasse existing between the parties.

The Union's final offer, attached hereto and marked Exhibit 1 proposed that the Employer increase the salary 3% per each year of the contract. The Union's offer for the secretaries covers only the wage rates but it assumes that all unmentioned items would remain the same as in the predecessor agreement.

The Employer proposal, attached hereto and marked Exhibit 2, proposes that it will contribute $1,000 per month for family health insurance premiums and $400 per month for single health insurance premiums and a proration of the premium based upon the percentage

of hours employed for part-time employees. It proposes that effective January 1, 2004 the Employer will contribute $75 per month for family dental insurance premiums and $25 per month for single dental insurance premiums and a proration of the premium based upon the percentage of hours employed for part-time employees. The Employer would revise the salary schedule by implementing effective July 1, 2003 a total package of 8.3% in 2002-2003 and 3.88% in 2003-2004. The Employer would change the years to reflect a term of July 1, 2002 through June 30, 2004 throughout the contract.

Section 111.70(4)(cm)7 of the Wisconsin Statutes require that the arbitrator must give greatest weight in making any decision to any state law or directive lawfully issued by the state legislator or administrative officer, body or agency which places limitations on expenditures that may be made or revenues that may be collected by a municipal employer. The arbitrator shall give an accounting of the consideration of this factor in his decision.

In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator shall consider and give greater weight to economic conditions in the jurisdiction of the municipal employer than to any of the other factors. Other factors considered in making the decision under the arbitration procedure requires the arbitrator to give weight to the following factors:

1. The lawful authority of the municipal employer.
2. Stipulations of the parties.
3. The interest and welfare of the public and financial ability of the unit of government to meet the costs of any proposed settlement.
4. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of the other employees performing similar services.
5. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the

same community and in comparable communities.

6. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the same community and comparable communities.
7. The average consumer prices for goods and services commonly known as the cost of living.
8. The overall compensation presently received by the municipal employees including direct wage compensation, vacation, holiday and excused time, insurance, pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.
9. Changes in any foregoing circumstances during the pendency of the arbitration proceedings.
10. Such other factors, not confined to the foregoing, which are normally and 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.

COMPARABLES

Both the Union and the Employer look to the Big Rivers Athletic Conference, hereinafter referred to as Comparable Group A, as a proper source of comparables. The Union, however, sees value in including CESA 11 in the comparisons as that particular service agent provides service of the same nature to the entire area. The Union takes the position that including the CESA 11 secretaries in the comparable group is necessary because much of the work that is done by them is comparable to the work done by the Employer's secretaries. It asserts this group is a supplement to the Comparable Group A to provide a larger variety to units for comparison. The Union argues that there is historical justification for inclusion of this group of CESA 11 secretaries as part of the comparable group. It contends that in an earlier arbitration between Special Education Aids and the Employer, Arbitrator

Richard Millar found value in including CESA 11 a comparable. The Union takes the position that CESA secretaries perform tasks similar to those of the Employer's secretaries. It asserts that CESA 11 geographically covers an area that includes the Employer and must provide benefits and wages to compete in a similar wage market. The Union argues that Hudson School District is one of the districts in the Big River Conference but it's secretaries are not organized and not as suitable a comparable as other units in the Comparable Group A. It argues that units that are not organized have less bargaining power and are not ideally suited to compare to represented units.

Both parties seem to agree that Comparable Group A, consisting of the schools in the Big River's Conference is an appropriate comparable for consideration by the arbitrator and it is the one on which he will rely. The school districts in Comparable Group A were used by the parties as comparables during the negotiation process and the arbitrator should utilize the same comparisons in making decisions that the parties used in reaching their decisions at the bargaining table. The athletic conference in which a school district competes has generally been considered the most appropriate comparable group for wage determinations. In terms of the factors normally considered in determining the appropriate comparable group, there is no reason for not relying upon the Big River's Conference schools. Of the six schools district, four of them have approximately the same enrollment as the Employer. Only Eau Claire and Chippewa Falls are substantially larger. The Employer has been a member of the Big River's Conference since 1989. It has been completely assimilated into the Big River's Conference and there is no reason why any other comparable group should be considered in making the determination. The Union suggests that while the Hudson School District is one of the districts in the Big River's Conference, it's secretaries are not organized and therefore not as suitable a comparable as other units in the Comparable Group A. It asserts that units that are not organized have less bargaining power and are not ideally suited to comparability to represented units. The arbitrator will consider the Big River's Conference as the appropriate comparable group and Hudson will be treated as part of Comparable Group A.

UNION'S POSITION

The Union argues that the Employer stands out as being in a strong economic position. The

Employer's enrollment has gone up 11.12% since 1993. This increase is greater than the state average of 8.44% and second only to Hudson in the Comparable Group A.

The Union takes the position that the significance of the increasing enrollment is that the Employer has received and is likely to continue to receive an increase in it's revenue base. It asserts that the Employer has gotten regular increases in it's revenue base since 1993 and is likely to see that trend continue. Since 1993, the Employer's revenue base has increased by 58.57% which is almost 5% higher than the state average and puts them at the No. 2 spot in terms of increases of the schools in Comparable Group A. The Union argues that the Employer has received an additional $299,813 credit as a result of Act 11. It contends this money allows the Employer to save on it's WRS prior service payment and apply the $299,813 to other items in it's budget. The Union argues that the balance in the Employer's Fund 10 is significantly higher than the state average of 17.3%. It asserts the Employer's Fund 10 balance is actually larger than Chippewa Falls, Menomonie and Rice Lake, although those schools have a much higher enrollment. The money placed in it from year to year has been steadily growing. The Union argues that the Employer has room to spend more money than it does each year without touching it's sizable Fund 10 balance. The Union takes the position that the Employer only points to the costs of the Union's offer and the need to keep money in the Fund 10 balance to cover expenses between receipt of the levy money and the state aids. It points out that the Employer acknowledges that it has not had to borrow any money for the last 4 years to cover payroll or other operating expenses. The Union argues that in 2002-2003, the Employer spend $413,068 less than it received in revenue. It contends that a settlement of the Union's proposal for all groups of employees would cost $60,653 in 2002-2003. It asserts that this would leave $365,415 of unspent money after the settlement that the Employer could still add to it's Fund 10 balance at the end of 2002-2003. The Union takes the position that in 2003-2004, the Employer spent $875,441 less than it received in revenue. It asserts that the settlement of the Union's proposal (for all groups of employees, not just the secretaries) would cost $700,172 in 2003-2004. It asserts that this would leave $175,269 of unspent money after the settlement that the Employer could still add to it's Fund 10 balance at the end of 2003-2004. The levy burden on taxpayers in Comparable Group A has fallen regularly since 1993 and has declined 2% more than the state average. The Union takes the

position that the Employer is financially strong and supports a financially strong school district at a minimal burden to the taxpayers.

The Employer proposes a freeze on wages for the first year of the contract and a 3% increase in the second year. The Union is requesting an increase of 3% the first year and 3% the second year. The Employer's secretaries have wage levels significantly behind all other Big River school districts for starting pay. The Union argues that all of the Employer's secretaries are expected to have a high level of proficiency in all their tasks and can be asked to perform any job duty the Employer may require of a secretary. It contends the Employer's data and the Union's data all point to a deficiency in the starting pay of the contract. For the first year of the contract, the Employer proposes freezing the pay rate at the level it was in during 2001-2002. The Union takes the position that the 0% increase for 2002-2003 should be compared to increases actually received by all comparable districts for 2002-2003. The pay increases in Comparable Group A range from a low of 1% at Hudson to 3% at Chippewa Falls, Menomonie and Rice Lake. Eau Claire only gave a 2% increase. The Union asserts that the 0% increase by the Employer will force the starting pay even further behind the comparable districts. It concedes that the second year proposal of the Employer seems to be in line with the settlement pattern of the area but it can not undo the damage in the first year if it is applied to a freeze of an already starting low salary. The Union asserts that the impact is that the starting pay slips even further behind the comparables. It concedes that according to the wage rates in 2001-2002, the Employer's secretaries schedule maximum appears to be one of the highest but all but one of the Big River Schools have longevity that boosts the maximum earning power beyond that shown on the salary schedule. It contends that these longevity bonuses boost may of the comparable top rates so that they are in some instances higher than the top rate of the Employer. The Union takes the position that it takes the Employer's secretaries an abnormally large number of years to reach the top pay for the position. It asserts that because the Employer seeks to include the cost of step movements in it's total package offer only insures that its secretaries will continue to lose ground when compared to the other schools in Comparable Group A. The Union argues that the wages proposed for the secretaries by the Employer are not only lower than the comparable settlements but are also low when compared to the cost of living increase experienced in the 2002-2004 contract

years. For 2002-2003 school year, the CPI rose 2.11% and for the 2003-2004 it rose an additional 2.9%. The Union argues that this is a 2 year increase of over 4% and yet the wage proposal for the secretaries only reflects a 3% total 2 year increase. The Union takes the position that the CPI rate proposed by the Employer indicates a CPI rate of .7% is applicable the first year, while a 2.1% is an applicable number for the second year of the agreement. It asserts that the Employer's numbers indicate the proposed pay may be in line with the 2 year average CPI increase but it does not make up for the increase in costs that the Employer seeks to shift to the secretaries for insurance.

The Union argues that historically the Employer has paid 100% of the single or family premiums for health and dental insurances for the secretaries. It contends that the Employer's unwillingness to continue to share any of the increase cost of health insurance marks a break from it's past. The Union takes the position that the Employer has a burden to prove the need to make the change show the need and demonstrate some quid pro quo. It asserts that in determining if the Employer meets the burden, the arbitrator must look at the Employer's situation and decide if the prior agreement created a situation that warrants any proposed change. The Union argues that the old agreement implied that the parties were aware that the rates would increase over time and they agreed it was the Employer that would have the obligation of insuring the employees would have a full single or family insurance provided. It contents the increase in costs by itself is not justification to back out of an obligation that had been agreed to in the past.

Since 1992, insurance premiums have increased 182.48% for a single health plan and 147.32% for a family health plan. In the same time period, dental premiums increased 94.38% for a single plan and 88.28% for a family plan. The Union argues while those numbers appear high they are increases of a 10 year span. The yearly average of these numbers breaks down to an increase in single health insurance of 14.04%, family health insurance of 11.33%, single dental of 7.26% and family dental of 6.79%. The Employer's rate increases are about average for the two year 2001-2003. Rice Lake was less but Eau Claire, Chippewa Falls, Menomonie and Hudson were all either higher or had specific plans that were higher. The Union takes the position that there is no indication that the Employer is being especially hard hit and the same can be said of dental insurance. The Union takes that position

that the Employer can not prove the rate increases are out of the norm nor can they prove that the amount they must pay for health insurance is at present prohibitively expensive. The Union argues that even though the insurance increase was significant in 2002-2003, the Employer has the money to pay for the increase. The Union points out that those years are actually over and the district has paid the full premium without having to borrow money to do so. The rate will moderately increase below the average of 5.3% in 2004 and 5.6% in 2005. The Union agrees that the Employer's secretaries are slightly better than several of the comparable districts on the issue of insurance, but argues that they are not so much higher that would justify a change in benefit with no offer of a quid pro quo. The Union concedes that the Employer would continue to pay 100% of the family plan health and dental insurance. The percent contribution ranges between the Employer at the top at 100% to Rice Lake at the bottom at 90%. Eau Claire offers to pay a fixed dollar amount, although historically they have increase this amount every year that the insurance rate increased. It points out that the dollar amount that Eau Claire has committed to 2003-2004 brings it contribution up to 100% of a family plan. The Union takes the position that in 2003-2004 the Employer and Eau Claire paid 100% of the health insurance and dental insurance. Three districts pay 95% and two at 90%. The Employer is clearly and has been historically the benefit leader in this area but the Union contends that is it not that far out of line with the group. In terms of dental insurance, a similar situation can be demonstrated. In 2003-2004 Eau Claire, Hudson and the Employer paid a 100% of the dental premium, Rice Lake paid 95%, Menomonie paid 90% and Chippewa Falls paid a dollar amount that is approximately 42%of a self funded family premium. The Union argues that in terms of dental insurance the Employer is a benefit leader tied with two other schools in Comparable Group A. It takes the position that it is not so far out of line with the comparables to require an arbitrator to lower the benefit to bring it into line. The Union points out that the Employer's secretaries have good health and dental benefits and their level of benefit is hardly so far above the benefit level in the comparables to warrant arbitrator action. It contends that if the parties wish to lower the level of benefits or modify the coverage to one that is less expensive, the proper way to do it is at the negotiating table. The Union argues that in the course of a single arbitration, the Employer seeks to take it's secretaries from being the benefit leader in Comparable Group A for health insurance by creating a new and lower level of the benefit for it's secretaries. The Union takes the position that

the Employer not only offers nothing but actually lowers its dental insurance contribution and health insurance contribution and offers a salary increase far lower than the comparable average increase. The Union argues that the secretaries who have been receiving full family health insurance for this past year will suddenly owe the Employer the difference between the cost of a year of full family premium and the $12,000 that the Employer would be obligated to pay under the new contract. The difference for 2004 will $138.92 per month until the rates change in July when the difference will be $202.64 per month. Each secretary will owe the Employer $202.64 for every month past January 2005. The Union takes the position that by having the share of the health insurance premium covered by the district, 87.8% or 2.2% lower than the next lowest comparable district and having to pay back the Employer $2,049.64 and having to pay $202.64 per month for a family insurance policy, is bad. It asserts that what is even worse is the knowledge that any increase for insurance in the future is going to be the burden of the secretaries alone. It argues that once the Employer fixes the contribution to a dollar amount, it is likely to hold to the dollar amount so its percent of contribution continues to erode. The Union points out that the Employer's proposed cutting the dental insurance and paying out only $75 of family dental insurance for a month which equates to 90.87% of the 2004 premium in effect until July of 2004. After July 2004, $75 will be equal to 82.73% of the premium. The impact of that proposal would mean that from January 2004 to January 2005, secretaries would owe the Employer $139.20 plus an additional $15.66 for every month past January 2005 that there is an unsettled 2002-2004 contract. The Union points out that after two years of work an employee at step 13 will have received a salary increase of $806.88 and the insurance liabilities will have increased to $878.76. It contends that this situation is likely to continue to worsen from year to year as well as the Employer forces the secretaries to shoulder increase in health and dental insurance costs.

The Union argues that the Employer is in a strong position financially. It not only retained a large Fund 10 balance but it managed to increase it each year by underspending its budget. The Union argues that the contract term under discussion is already past for 2002-2004 and all of the costs for those years are known. It contends that the Employer can pay for the Union's proposal and still have money to add to it's large Fund 10 balance. It contends that the Employer's proposal does not just

reduce the contribution to bring it closer in line with other comparable districts contribution rate but lowers it to a level below that of the lowest comparable district and by changing the language from a percent to a dollar amount it virtually guarantees the contribution percent will continue to drop more every year. The Union takes the position that the Employer's sole goal in this arbitration is to insulate itself completely from all future rising costs of healthcare. It asserts that the Union's proposal is reasonable and only asks to maintain the status quo on benefits and a wage increase in line with a settlement trend in the Comparable Group A. The Union takes the position that the Employer seeks to roll back two long standing valued benefits without meeting the recognized criteria for such a proposal. It argues that the wage rate that the Employer proposes would be low even if it was not contemplating other take backs.

EMPLOYER'S POSITION

The Employer points to Section 111.70(4)(cm)7 which directs the arbitrator to consider and give **greatest** weight to any state law or directive lawfully issued by a state legislative or administrative officer, body or agency which places limitations on expenditures that may be made or revenues that may be collected by a municipal employer. The Employer argues that school districts may increase their operating expenditures only to the extent allowed by revenue caps. The Employer argues that it's labor costs comprised approximately 85% of it operating expenditures and it has attempted to negotiate a total package increase with all bargaining units consistent with the statutory standards. It contends that in large part due to a hefty 30% increase in health insurance premiums in 2002-2003, it became impossible for the Employer to hold to a 3.8% total package increase in that year for the secretaries, who have their insurance fully paid or other support staff units. It contends the Employer's total expenditures increased 6.8% in 2002-2003. The Employer points out that wages not yet paid for the 2003-2004 range from a minimum of $471,015 under the Employer proposal to a maximum of $700,172 under the Union's proposal.

The Employer points out that the total package increase for the secretarial unit represents a cost increase of 8.29% in 2002-2003 under it's final offer and 10.73% under the Union's final offer. The cumulative total package increase for the Union represents total increase of 8.27% in 2002-2003 and

9.35% in 2003-2004. The Employer takes the position that because labor costs represent 85% of it's operating budget, it simply can not agree to increase it's wage and benefits cost to an 8.9% level when it's revenues are increasing at less than 4% per year. It asserts that there is an obvious problem because the annual revenue increase of approximately 3.8% annual wage and benefits costs exceed 3% substantially so in 2002-2003 and 2003-2004. The Employer submits that as a result under the greatest weight factor the district offer emerges as a more reasonable.

The Employer argues that the primary rationale behind it's proposed cap on health and dental insurance contributions is cost. It contends that very few employers pay the full cost of employee insurance and health insurance premiums are skyrocketing. It asserts that it's health insurance premiums have increased 182% for single coverage and 147% for family coverage between 1992-1993 and 2003-2004. The Employer points out that dental insurance premiums have increased 94% for single coverage and 88% for family coverage during the same time. The Employer takes the position that under the Union's proposal to have the Employer absorb 100% of the insurance premiums, the hourly cost of wages and fringe benefits increases by over $3.00 per hour. It asserts that under it's offer the cost per hour increase$2.27 per hour. It asserts that health insurance increased over 16% in 2000-2001, over 24% in 2001-2002 and 30% in 2002-2003. The Employer argues that the 30% increase in health insurance combined with an increase of dental insurance premiums of over 10% in 2002-2003 resulted in a total package increase of 8.29% in 2003 without any increase in wages. It contends the only way to provide any wage increase in 2003-2004 and at the same time maintain a total package increase consistent with the Employer's revenue limitations was to reduce it's costs for health and dental insurance. The Employer takes the position that as a result of the language that ties the secretarial units plan design to that of the teachers plan, the only way the Employer can reduce it's cost is to implement employee contributions to premiums. The Employer takes the position that the most effective way to reduce it's health and dental insurance cost and provided a 3% wage increase in 2003-2004 was to cap its contributions midyear. It asserts that requiring employees to participate in the cost of health and dental insurance premiums gives them an incentive to be better consumers and allows the parties to negotiate on where the debatable dollars should be spent on wages or insurance. The Employer argues that arbitrators have taken the

position that in days of double digit health insurance increases, cost sharing of health insurance expenses is a valid and growing method of cost containment. The Employer takes the position that employee cost sharing of premiums as well as other healthcare expenses such as deductibles are valid means of attempting to control runaway insurance costs. It contends that capping an Employer's contributions at a fixed dollar amount allows it to negotiate on cost and have some control over the exceedingly high cost of health and dental insurance premiums.

DISCUSSION

Three issues remain in dispute between the parties. They are wage increases in each year and the Employer's contribution toward health and dental insurance effective January 1, 2004. The Employer proposes a wage freeze for the 2002-2003 school year. In the 2003-2004 school year, the Employer proposes a 3% increase in the wages. The Union would propose a 2002-2003 wage increase of 3% and a 3% increase in 2003-2004. The insurance issues involve both health insurance and dental insurance. Both the Employer and the Union propose that the Employer will pay the full premium of single or family plan. However, the Employer would add a provision providing that effective January 1, 2004 it would contribute $1,000 per month for family health insurance and $400 per month for single health insurance premiums. It would also include a provision that effective January 1, 2004 it would contribute $75 per month for family dental insurance premiums and $25 per month for single dental insurance premiums. The Union points out that the Employer would not have to dip into it's reserves to meet the current cost of the Union's final offer. The Employer concedes that it has the ability to pay the Union's demand because it has been taxing "to the max" under the state's revenues limits and because the Employer has been building up its reserves so that it can be prepared for contingencies.

The Employer does not dispute the Union's arguments that the starting wages paid to the Employer's secretary are generally lower than those paid by the school districts in comparable group A. However, once a secretary reaches the maximum wage rate the Employer's rate surpasses all but Eau Claire and Hudson.

The Employer and the Union agree that health insurance is the most significant issue in this dispute. The high and rapidly increasing cost of health insurance are the primary reason the parties are in arbitration. Many arbitrators have held that the extremely high cost increases eliminate the need for a traditional quid pro quo. The Union contends that the Employer's rate increases are about average. What it fails to point out is that Eau Claire and River Falls are the only schools in comparable group A that continue to pay 100% of the single and family premiums. In Eau Claire, there is a dollar cap on the Employer's contribution. The Union argues that capping the Employer's contribution at a $1,000 per month for family health insurance and $400 for single coverage effective January 1, 2004 places the entire burden of the increase cost of health insurance on employees. It ignores the fact that it's proposed dollar cap on insurance is effective only for the last 6 months of the 24 month contract term. The Employer points out that in this 6 month time period, employees would be required to contribute $138.92 per month for family coverage and $109.26 for single coverage. The total contribution for those secretaries with family coverage is $833.52 and $655.56 for those secretaries with single coverage. The Union argues that under the Employer's proposal secretaries will have less money to spend due to the required employee contributions toward insurance. The Employer proposes that the employees should pay a portion of the health insurance just as every other secretary in comparable group A, with the exception of Eau Claire. The Employer submits that it is totally unreasonable for the Union to expect it's employees should be immune from the impact of increased health insurance.

External comparables in this case support an employee contribution toward health insurance. This arbitrator does not rigidly subscribe to the quid pro quo concept for changes health in insurance contribution but where comparables indicate a change may be in order the concept of quid pro quo does not prevail. When the comparables fully support the position of a party seeking a change, the need for a quid pro quo is minimized if not eliminated. Implementing a dollar cap on the Employer's health insurance contributions is supported by the internal support staff comparables. Three of the six support staff bargaining units, all of which have larger membership than the secretarial unit, have a dollar cap on the Employer's contribution toward health insurance ranging from $175 a month to $286 a month. Given the contribution required of the Employer's other support staff units, requiring

a contribution from secretaries of $109.26 per month for single coverage and $138.92 per month for family coverage for the last six months of the 2003-2004 school year seems reasonable. The Employer is seeking through arbitration the same dollar caps for health and dental insurance with the custodial unit. Given the lack of Employer contribution for dental insurance for the other represented support staff employees, the Union's unwillingness to contribute anything to the cost of dental insurance lacks reasonableness.

The Employer points out that it and Eau Claire are the only schools in comparable group A paying 100% of the single and family premiums. Eau Claire does have a dollar cap in the contribution and it's wage rates increased only 1.75% in each year compared to the Union's demand for 3% each year. The Union argues that capping the Employer's contribution at a $1,000 per month for family health insurance and $400 for single coverage effective January 1, 2004 places the entire burden on the increased cost of health insurance on employees. As the Employer points out, it's proposed dollar cap is effective only for the last 6 months of the 24 month contract term. In this 6 month time period employees will be required to contribute $138.92 per month for family coverage and $109.26 per month for single coverage. Total contribution for those secretaries with family coverage is $833.52 and $655.56 for those secretaries with single coverage during the term of the disputed contract.

The Union argues that the Employer has made no effort in this round of bargaining to negotiate cost saving changes. The whole rationale for cost sharing is to allow cost savings to occur through negotiations. The Union argues the Employer should first see if the Union is opposed to cost savings. The arbitrator finds that the Union has as much of a responsibility to propose cost savings as the Employer when both sides could attempt to negotiate a change in the plan with the secretaries.

The arbitrator is disturbed by the Employer's wage offer which provides no increase at all during the first year of the agreement. In effect, the Employer is taking a good chunk of the increase in the health insurance out of a normal increase in the secretaries wages for the first year. The Employer's proposal reduces the insurance payment to a level lower than any of the employers in comparable group A. No other school district in comparable group A offered a wage freeze as a way to offset the insurance cost increases. The Employer's offer reduces the insurance payment level lower than any

of the schools in comparable group A while simultaneously dropping the wages of the employee as compared to the comparables. The Union's offer is not asking for a wage increase out of the ball park of the wage increases that the comparables have received. The Employer, an economically strong school district, is reducing two long standing benefits and losing ground at the entry level of the salary schedule.

Section 111.70 directs the arbitrator to consider and give the greatest weight to any state law that places limitations on expenditures that be made or revenues that may be collected. It is clear from the record that the Employer has underspent it's budget for the past 4 years and paying the cost of the Union's proposal would still allow the Employer to contribute to it's Fund 10 account. The Employer has not made an argument that it can not pay. There is no evidence that the state imposed spending limits would prevent the Employer from funding the Union's final offer. The greatest weight factor does not prevent the Employer from funding the basic parts of the Union's proposal but it will not be the determining factor in this arbitration. The Employer's final offer falls within the lawful authority of the Employer and it has the financial ability to meet the cost of it proposal. A comparison of wages, hours and conditions of employment of the municipal employees involved in this arbitration with wages, hours and conditions of employment is quite comparable to that of other employees preforming similar services except at the entry level.

On the issue of health insurance, the Employer's proposal is an attempt to get a handle on regularly increasing cost of health insurance. The Union has been rigid in holding out for 100% payment of the cost of health insurance by the Employer. The policy covering the employees has been described as a "Cadillac" policy that has had substantial increases over the years. The Employer seeks to have a contribution by it's employees to help control the cost of the insurance. This is a regular feature in negotiations in almost all contracts and the pattern has been for the employer to share the costs with the employees. There are different ways of sharing. The Employer has chosen to contribute a fixed amount as opposed to a percentage contribution. Perhaps a percentage contribution would have been more satisfactory to the Union but it only asked for 100%. The pattern of settlements in the comparable group and in almost all employer/employee relationships is to have the employees make

a contribution toward the cost of insurance. This is a hard blow for the Union to accept but it is only for a 6 month period. There are other ways of reducing the cost of insurance and that is a responsibility of the Union as well as the Employer. Under the circumstances, the arbitrator selects the final offer of the Employer.

The average total package increase proposed by the Union is 8.05% per year. That is unreasonable. Contribution of fully paid health and dental insurance in conjunction with a 3% wage increase is not supported by either internal or external comparable and is excessive. The Employer's proposal to freeze wages in 2002-2003 and increase wages by 3% in 2003-2004 and fully paying the insurance cost until the last six months of the contract term is reasonable. The large increase in insurance premiums and the support among both internal and external comparables for an employee contribution to premiums eliminates the need for a quid quo pro.

It there for follows from the above facts and discussion thereon that the undersigned renders the following:

AWARD

After full consideration of the criteria set forth in the statutes and after careful and extensive evaluation of the testimony arguments and briefs of the parties, the arbitrator finds that the Employer's final offer more closely adheres to the statutory criteria then that of the Union and directs that the Employer proposal contained in Exhibit 1 be incorporated into the collective bargaining agreement as a resolution of this dispute.

Dated at Sparta, Wisconsin this _____ day of March, 2005.

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Zel S Rice II
Arbitrator