BEFORE THE ARBITRATOR

In the Matter of the Final and Binding Interest Arbitration Dispute between

IOWA COUNTY

and

IOWA COUNTY HIGHWAY EMPLOYEES LOCAL 1266, AFSCME, AFL-CIO

WERC Case 120, No. 64182, Int/Arb-10310
Decision No. 31540-A

Appearances:

Ms. Jennifer McCulley, District Representative, AFSCME Council 40, AFL-CIO, 8033 Excelsior Drive, Suite B, Madison, WI 53717-1903, appearing on behalf of the Union.

Davis & Kuelthau, S. C., by Kirk D. Strang, Esq., 10 E. Doty Street, Suite 600, Madison, WI 53703, appearing on behalf of the Employer.

ARBITRATION AWARD

The Union has represented a bargaining unit of Highway Department employees for many years. On November 18, 2004, the Employer filed a petition with the Wisconsin Employment Relations Commission requesting arbitration with respect to the replacement for the parties' collective bargaining agreement expiring December 31, 2004. Following mediation by a member of the Commission's staff, the Commission determined by order dated November 22, 2005 that arbitration was required. The undersigned was appointed by Commission order dated December 13, 2005. A hearing was held in Dodgeville, Wisconsin on February 7, 2006, at which time the parties were given full opportunity to present their evidence and arguments. Briefs and reply briefs were filed by both parties, and the record was closed on June 16, 2006.

Statutory Criteria to be Considered by Arbitrator
Section 111.70 (4) (cm) 7

7. 'Factor given greatest weight.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give the 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 arbitrator or arbitration panel shall give an accounting of the consideration of this factor in the arbitrator's or panel's decision.

7g. '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.

7r. 'Other factors considered.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall also give weight to the following factors:

a. The lawful authority of the municipal employer.

b. Stipulations of the parties.

c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

d. Comparison of wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes performing similar services.

e. Comparison of the wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes generally in public employment in the same community and in comparable communities.

f. Comparison of the wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes in private employment in the same community and in comparable communities.

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

h. The overall compensation presently received by the municipal employes, 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.

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

j. 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.

The Employer's Final Offer

1. Modify Section 13.01, Health Insurance, effective January 1, 2006, as follows:

Employees will pay $14.00 per month for single plan coverage and $34.00 per month for family plan coverage of the least expensive plan qualified under the Employee Trust Fund plan framework, and the Employer agrees to pay the balance of that premium. Employees who wish to subscribe to qualified plans other than the least expensive plan must pay the difference between the premium of the plan they choose and the premium of the least expensive plan, in addition to their normal monthly contribution noted above.

The County agrees to provide a Premiums-Only Section 125 plan for health insurance premiums.

2. Appendix A: Effective 1/1/05, increase wages by two percent (2%).

Effective 1/1/06, increase wages by three and one-half percent (3½%).

The Union's Final Offer

1. Article 15 -- Compensation.

a. Amend Section 15.03 as follows:
15.03 Longevity: Beginning in 2000, each employee who has completed five (5) or more years of service in the Highway Department shall receive an annual longevity payment of ten dollars ($10.00) per year of service. Effective in 2006, longevity payments shall increase to twenty dollars ($20.00) per year of service. Longevity payments shall be made on the first payday in December of each year, based on service in the bargaining unit as of December 1 of that year. Employees who terminate prior to December 1 shall receive a pro-rated longevity payment, based on the number of full months worked prior to termination.

2. Appendix A -- Classification and Wages.

a. January 1, 2005, increase all wages by 3%.
b. January 1, 2006, increase all wages by 2%.
c. July 1, 2006, increase all wages by 1%.
3. Article 19 -- Term

19.01 (Change of dates, to reflect a January 1, 2005 through December 31, 2006 contract.)

The Employer's Position

The County argues that the pool of external comparables has long since been established, first by Arbitrator Zel Rice in 1987, and then by Arbitrator Richard Tyson in 1994. The County also notes that the same group of comparables was adopted by Arbitrator Gil Vernon in a Sheriff's Department case in 1993. The County argues that this is a logical and traditional grouping of similar counties with a strong geographic relationship and similar distributions of types of work, noting various exhibits to this effect. The County notes that there is strong arbitral precedent for maintaining a comparable pool once established, and strongly objects to the Union's request to add Dane County as a primary comparable. The County argues that Dane County radically differs from all of the other comparables, not least because its labor force is 20 times the size of Iowa County's. But also, the County argues, Dane County's per capita personal income is far higher, unemployment rates are far lower, Dane County's population increases far faster, Dane County has a much higher percentage of professional employees, along with a much lower percentage of "operatives and laborers," and finally Dane County is not as dependent on agriculture as not only Iowa County, but also any of the counties in the existing comparable pool.

The County argues that its proposal maintains the ranking of highway workers in comparison to the external pool. The County calculates that after being fifth out of eight in 2004, the County's proposal would result in a wage ranking of fifth out of seven in 2005 and third out of five in 2006 (the numbers declining because of unsettled contracts elsewhere.) The County calculates that its wage rate for Patrolman, the most common classification, is within seven cents per hour of the mean wage rate of the other counties in the pool from 2002 through 2004, and then slips slightly to $.22 behind in 2005, but fully catches up to equal the mean wage rate of the settled contracts in 2006. The County argues this is particularly appropriate in view of the County's modest aspirations for health-care premium sharing. The County argues that a clear majority of counties in the pool require far more substantial employee contributions, with Columbia, Grant, Green, Lafayette and Sauk counties all requiring contributions well above what Iowa County seeks in the second year. These counties all require a minimum of 10%

employee contribution, while the County seeks only a dollar-denominated amount that not only equates to a far smaller percentage, but will not automatically rise with increases in premiums in future. Furthermore, Crawford County, which did not change its full payment, recently implemented a sizable deductible ($500 single and $1000 family) while Grant County instituted office co-pays and Columbia County implemented a $100 single/$200 family deductible as well as increasing the drug co-pay. The County argues therefore that it seeks only a modest employee contribution to health insurance compared to other counties, while still matching them on wages.

With respect to longevity, the County argues that there is no compelling need for a change from a payment of $10 per year of service, let alone a 100% increase in longevity payments. The County contends that so major a change requires a quid pro quo. The County argues that three of the counties in the pool make no provision for longevity, offsetting four other counties which have higher longevity structures. Furthermore, the County argues, the Union takes no account of the fact that Iowa County pays 100% of the premium for single employees and 85% of the family premium for dental insurance, the only freestanding dental plan offered in any county in this comparable pool (although two other counties offer some benefits as part of a health insurance package.) The County argues that its other benefits, including vacations, holidays, sick leave and sick leave payout, funeral leave, life insurance, call-in pay and other benefits all either match or exceed the average level in the other counties.

With respect to the reasonableness of its health insurance proposal, the County notes widespread support by arbitrators for the "three-pronged" test of need for the change; quid pro quo; and clear and convincing evidence of both, and argues that it has met all of these three tests. The County notes exhaustive evidence of a health-care crisis in costs which affects many employers including Iowa County, and points to large increases over the years in the premiums Iowa County is paying in particular. The County points to widespread evidence of a general trend toward employees, including employees in public-sector unionized environments, paying a share of these costs. The County proposes to maintain a plan which allows employee choice of alternative plans, and the least expensive generates only $34 per month in premium costs for a family plan under the County's proposal, an employee contribution which would continue to lag behind the comparables because the other counties not only have higher actual employee payments already, in most cases, but are also on a percentage basis that virtually guarantees continuing increases.

The County notes that some arbitrators have found a traditional quid pro quo unnecessary in cases where rapidly rising health-insurance premiums required a change, but notes that it has presented evidence strongly favoring the conclusion that a quid pro quo is in fact on offer here. The County argues that two other AFSCME bargaining units in the County, the Courthouse and Social Workers/Professionals, settled voluntarily in 2005 for a 2% salary increase. A third union, in the Sheriff's Department, settled in the same year for the exact insurance proposal the Employer is trying to obtain now, and received 1½ percent in additional wage boosts, as a

quid pro quo that was obvious when compared with the other two settlements in that year. In fact, the County notes, it is being more generous now, because the full amount of the pay differential is part of its proposal as of January 1 of the year in which the insurance change would go into effect, while the Sheriff's Department employees received 1% on January 1 but the other half percent on October 1 of the corresponding year.

At the same time, the County argues that the Union's 3% salary increase in the first year is totally unjustified in terms of the other internal settlements. The County notes that even with the Union's doubling of the longevity payments and its split increase in 2006, the County's offer is higher for 2006. The County argues that its numbers clearly demonstrate the existence of a sufficient quid pro quo for a relatively modest amount of employee contribution sought. The County also notes that the non-represented employees have had the same health-insurance change as part of their terms of employment since 2005. The County also argues that consistency between contracts is served by its proposal, because of the clear trend represented by the Sheriff's Department and nonrepresented employees and the matching trade-off made by other AFSCME units in order to defer a employee contribution to health insurance in 2005. The County argues that it is compelled to seek this in arbitration because the Union has not shown any flexibility toward an employee contribution, but rather has drawn a "line in the sand," leaving the County with an untenable choice between accepting a permanent internal disparity on the health-insurance issue or that it continue to arbitrate the issue indefinitely. Finally, the County argues that the Consumer Price Index supports its offer, showing the County's offer surpasses the percentage increases contained over several years, calculating that from 2002 through 2005 the cumulative CPI was 9.9% while cumulative percentage increases under the County's proposal total 11%.

In its reply brief, the County argues that the Union's primary brief fails to make a single argument that does not include Dane County, corrupting the Union's argument on wages with data that has no place here. The County argues that the Union contends that longevity benefits should be included in wages to arrive at meaningful comparability information, but ignores the similar comparison to be drawn to health insurance benefits, where there is almost uniform support among external comparables for employee contributions to health insurance. The County also argues that the pattern has been one of rising contributions by employees, while the Union also fails to make any allowance for the County's generous dental benefit. The County argues that the Union has failed to make a credible case that Dane County should be included in the primary comparable pool, and that to include one of the state's fastest-growing and largest metropolitan counties in an essentially rural primary comparable pool would be an extraordinary step, not justified based on essentially a single statistic concerning commuting patterns. The County also notes that despite the existence of a strongly traditional comparable pool including Grant, Richland, Lafayette and Crawford County, the Union makes no attempt to argue that Dane County is comparable to any other county in that pool.

The County further argues that the Union's arguments that arbitration should not be the venue for a change in health insurance provisions, and also that the County's costs of health insurance benefits do not justify a change, should not be accepted. The County acknowledges that a voluntary settlement is preferable, but contends that the evidence is that the County has proposed employee contributions to health-insurance premiums since 1994 and has never been able to find a formula that this Union could accept. Meanwhile, another union has accepted essentially the same proposal the Employer is now making, though offset by one year. And every county but one in the comparable pool now requires a greater existing employee contribution than Iowa County is even seeking; in most cases, a much greater contribution, with provisions for different kinds of employee contributions, which continue to rise. Finally, the County offers a dental benefit that stands virtually alone among the comparables, a provision for which the Union gives it no credit. With respect to the Union's argument that the level of premium paid by the County, because it is not as high as most of the comparables, fails to justify a change, the County points to its Exhibit 12A as showing that over the last eight years, health insurance premiums have doubled, increasing by a total of 73.9% just from 1999 to 2005. The County argues it is unreasonable to conclude that Iowa County lacks legitimate concerns for rising health-insurance costs, particularly because there is no basis for any belief that the costs will not continue to rise.

With respect to wages, the County notes that the Union's analysis relies heavily on including Dane County in computing its wage data.
The County also argues that its first year final offer proposes nothing more radical than to pay this bargaining unit the same wage increase that all other AFSCME bargaining units in the County were paid for that same year through voluntary settlement, i.e. the same wage increase every bargaining unit in the County that did not agree to health-insurance premium contributions also received. In those terms, the County finds the Union's 3% first-year wage proposal inexplicable. For 2006, the County notes, its offer on wages is higher than the Union's offer, even including the Union's unsupportable longevity proposal. The County notes that its second-year proposal is "identical" to the settlement reached with other County employees to secure a health-care premium contribution in 2005.

With respect to longevity, the County objects to the Union's characterization of Green County and Lafayette County as having longevity payments, pointing to the collective bargaining agreements of those two counties' highway departments, which are in the record. The County argues that the Union has distorted a wage increase in Green County to represent a longevity step, and has made a similar error with respect to Lafayette County. Nevertheless, the County argues, the Union ends up arguing against its own proposal by its insistence on calculating total economic compensation when it concludes that a patrol employee working under the County's final offer in Iowa County would have a career income superior to the career income earned by patrol employees in five of the seven recognized comparable counties. For all of these reasons, the County requests that its final offer be selected.

The Union's Position

The Union notes that in the most recent interest arbitration between these parties, in 1994, Arbitrator Richard Tyson recognized "the strong labor market and economic influence of Dane County on the surrounding counties" and therefore agreed to give Dane County "some consideration." The Union argues that since 1994, a number of factors have given Dane County more significant influence on the economics of Iowa County, pointing particularly to the decision of an impartial body, the federal Office of Management and Budget, changing the status of Iowa County from Rural to Urban in 2003. The particular basis for the change appears to have been a radical increase in commuting patterns into Dane County from Iowa County, an increase of 82% from 1994 to the year 2000. This was enough to push 25% of the worker population of Iowa County into a commuting pattern into Dane County, and the Union argues that logic suggests that there have been further increases since then. The Union argues that the commuter statistics are a key indicator to finding a social and economic relationship that has changed the picture enough to justify finding Dane County a primary comparable now.

With respect to health insurance, the Union argues that the County is attempting to change the status quo through arbitration. The Union points to strong arbitral support for stability in collective bargaining, and characterizes arbitrators as generally reluctant to accept changes in the status quo, noting however that the "three-pronged" test, of need for the change, quid pro quo, and clear and convincing evidence that both other terms have been met, has been widely used.

Under these tests, the Union argues first that the County has not shown a need for a change. The Union points to patterns of changes from 2004 to 2006 among all of the comparables (including Dane) and finds an average increase of $65.31 over the two years for single plans and $171.27 for family plans, compared to $13.65 per single plan in Iowa County and $40.84 for the family plan. Only Richland County had increases as low in both amounts. Furthermore, in each year, Iowa County has enjoyed the lowest rates of any of the comparables, except for Richland County, which was the same. The Union points to differences starting at $170.84 between the average family plan and Iowa County's in 2004, growing to $299.52 in 2006. Most employers, the Union argues, would greet Iowa County's health costs with envy. Thus no need for a change has been demonstrated.

The Union anticipates the County's argument that there is an internal settlement pattern, and counters it by pointing to arbitral decisions that a single represented unit agreeing to something is not evidence of a settlement pattern, a finding which numerous arbitrators have made concerning numerous types of provision. The Union characterizes the Sheriff's Department as a relatively small bargaining unit.

With respect to wages, the Union calculates wage levels at three different positions, and argues that Iowa County is among the lowest paid in each one. In the patrolman rates, the Union calculates an average maximum rate of $16.16, with Iowa County at $15.75 in 2004; average maximum rates in 2005 of $16.82, with the Union's offer at $16.22 and the County's at $16.07; and average maximums of $17.30 per 2006, with the Union's ending wage rate at $16.71 and the County's proposal at $16.63. Comparisons for heavy equipment operator and mechanic are similar, in the Union's calculation. The Union notes that three counties are not settled for 2006, making the numbers for that year less certain. Yet, the Union notes, two of the three unsettled counties, Columbia and Sauk, had higher wages than Iowa County previously. The Union argues that the numbers demonstrate that the County's offer will move the employees further behind the comparables in terms of wages, let alone the increased loss by applying a new employee health insurance payment that would amount to the equivalent of $.20 per hour off wages for employees on the family plan or eight cents per hour for employees on the single plan.

With respect to longevity, the Union argues that all the counties except Richland County have longevity benefits. In the Union's calculation, the maximum payments range from a low of $603.20 in Lafayette County up to $1350.34 in Crawford County, and then a radical jump to $4687.49 in Dane County. Compared to these, the Union argues, Iowa County is significantly behind, at a maximum which it calculates as $300. The Union notes, however, that longevity should be combined with wages in order to compare total earnings, according to a number of arbitrators. In this respect, the Union calculates total economic compensation over a career up to 26 years, finding that in Iowa County all three classifications start out relatively well-off in year one of a career, but slip behind both the median and the mean under either the County's or the Union's proposal by late in employment (year 26 for patrolman, but as early as year 10 for heavy equipment operator or mechanic.) The Union calculates the slippage under the County's proposal, as compared to its own, at about another $300 of relative losses by year 26 of a career. But the cumulative effect, the Union calculates, is between $3400 and $3900 depending on classification. This, the Union argues, is a significant economic loss to employees, which adds to the lack of evidence favoring the necessity of a change in the status quo on health insurance contributions to render the County's proposal significantly less reasonable.

In its reply brief, the Union notes that Arbitrator Tyson agreed to give Dane County consideration as a comparable in 1994, and characterizes the County, not the Union, as seeking a change in the list of comparables. The Union takes issue with the County's argument of a need for internal consistency, contending that there is no established internal pattern, with only one represented unit having agreed to contribute towards health insurance. The Union contends that most of the cases cited by the County in support of its argument on health insurance are "lone holdout" cases, which this unit is not. The Union points particularly to the fact that while the Sheriff's Department agreed to the change sought by the Employer in their last

contract, the County agreed to settle without it with two other County units for the same contract period. This, the Union notes, significantly undercuts the argument that consistency is essential. The Union dismisses the nonrepresented employees' payment toward health insurance, pointing out that these employees traditionally receive little or no weight in arbitration decisions and collective bargaining because they do not have a voice in their benefits. With respect to the CPI data, the Union notes that the County has a point when arguing the cumulative average over several years, but points out that arbitrators have held that the CPI for the previous year is the best measure of that particular indicator, and when using that measure, the CPI for December 2004, at 3.3%, is higher than the Union's proposal for year 2005. This also explains, in the Union's view, the difference between the other AFSCME settlements for 2005 and the Union's proposal here: simply put, the rate of inflation has increased enough since the other units settled that it was appropriate for the Highway unit to take a fresh look at what constituted a fair wage increase.

The Union takes particular objection to the County's method of valuing its wage offer for 2006. The Union points to the fact that the County has used 3.5% for 2006 when doing a wage analysis with respect to external comparables in one section in its brief, but in another section, the County refers to the 3.5% wage offer as including a quid pro quo for the health insurance change. This, the Union argues, constitutes double counting of the value of that increase. Without the quid pro quo, the health insurance offer is clearly unreasonable; without that amount applied to wages, the County's 2006 wage offer is clearly deficient when compared to highway departments in the area. The County, says the Union, cannot have it both ways. With respect to longevity, however, the Union argues that no quid pro quo is called for in respect to its position that the benefit should be improved, because this is not a new benefit, merely an increase in an existing number, similar to a wage increase.

In opposition to the County's argument concerning the need for a change in health insurance, the Union analyzes the data and concludes that those counties that have employees contributing towards health insurance premiums are those which have the highest premiums. As of 2005, the Union notes, it is evident that even with employers paying less than the full premium in some counties while Iowa County pays 105% of the lowest cost plan, Iowa County is still actually paying less per family plan than four of the other counties at that rate, or less than six other counties if using the lowest cost plan for Iowa County. For 2006, Iowa County's premiums actually decreased, a significant departure from other counties and a clear indication that Iowa County's costs are now equal to Richland and lower than all but one other county (Dane). Consequently, the Union argues, the County's argument that it needs the employee contribution does not hold up, because Iowa County is at the bottom in terms of actual costs paid by the employer.

Finally, the Union reiterates that while in year one of employment either the Union's or the County's offer has any of the three classifications enjoying a higher wage total, including longevity, than the median or mean of the other counties, by year 16 the picture has changed,

with the average of the three classifications falling behind both the median and the mean; by year 26 of employment the difference is more substantial, particularly if the County offer is adopted. The Union points to these data as demonstrating that its longevity proposal merely ameliorates to some degree the losses over years built into other aspects of the wage structure, while under the County's proposal, employees lose more. For all of these reasons, the Union requests that its offer be found more reasonable.

Discussion

External comparables

The Union's contention that Dane County and Iowa County have become more economically linked has some logic behind it, as the evidence of commuting patterns suggests. That, however, is not enough to make Dane County a primary comparable. In population, distribution of employment, prosperity, and a host of other indicators, Dane County continues to be a sharply different kind of community from Iowa County or any of the counties with which Iowa County has been placed in a comparability pool by three previous arbitrators. I see no reason here to disturb the conclusion reached by Arbitrator Tyson that while Dane County deserves some consideration, it is not a primary comparable. And nothing in the record related to Dane County compels specific discussion in "secondary-comparable" terms here.

Health insurance

I find that in this situation the three-pronged test clearly applies to the County's proposal to change from a long-standing pattern of full health insurance payment by the Employer to an employee contribution. The County is neither facing the most expensive insurance premiums among the comparables (or anything close to it) nor is this bargaining unit a lone holdout against an all but universal pattern. The County must therefore show a need for the change; an appropriate quid pro quo; and clear and convincing evidence for both.

As many arbitrators before me have noted, the need for a proposed change itself must include an assessment not just of the existing situation, but of the specific proposal intended to ameliorate it. Here, the County, in my judgment, has made an appropriate level of proposal to respond to the twin facts that its health insurance costs have gone up radically in the past decade and that even despite this, in relative terms the County's costs have gone up less than the counties with which it is traditionally compared. The result is that the County is facing health insurance costs which would seem extraordinary as of a few years ago, but which are no longer extraordinary among the comparables, or even as high as most of them. A proposal that not only casts the employee proposed contribution in dollar terms, but does so at a fraction of the level required of employees in comparable departments in other counties, is a measured response which is consistent with the "need" part of the test.

As to the quid pro quo, however, the County has "blown hot and cold" as to exactly what the purpose of the 3½ percent wage increase in the second year actually is. In the main, the County has argued that 1½ percent of that increase represents a quid pro quo for the proposed health insurance change. I accept this argument, for reasons explained below; but as will also be clear below, the County cannot have it both ways, and that means that its wage proposal for the second year should be regarded as essentially a 2% proposal.

The reason I accept the County's argument that 1½% of the wage increase for 2006 in its proposal represents a quid pro quo is that there is an unmistakable parallel to be drawn, even though this contract is "off cycle" compared to two other AFSCME units and the Sheriff's Department unit, to the difference in the settlements in those three units for 2005. With the two AFSCME units having settled at 2% with no health insurance change, while the Sheriff's Department unit settled at a final wage boost of 3½ percent with the County's proposed health insurance change, the evidence that the difference represents a quid pro quo is strong, especially as there is no evidence at all of any other motive.

This, along with the fact that 1½% of wages is "in the range" as a rough equivalent to the cost to an employee of the proposed family health contribution, also answers the "clear and convincing evidence" question as to the quid pro quo. What it does not quite answer is the question of whether the need for the change is so compellingly demonstrated that the proposed exchange becomes a clear weight in favor of the Employer's proposal as a whole. Here, I find the evidence much closer to an even proposition. In essence, the Employer seeks a relatively modest insurance contribution of $34 for family plans (there appear to be no employees actually on the single plan) at present rates. The structure still provides for employee payment in excess of that for any plan but the least expensive; but since the differential from present practice would still be $34 per month, and since there is no evidence that the least expensive plan in this state-supervised system is in any way deficient compared to the comparables, that merely preserves employee choice. The difficulty, rather, is that the County has proposed the change in a year in which its premiums are not only at the lowest level among all comparable counties (I am excluding Dane County for reasons above), but actually went down. In short, over a longer term the County's position makes sense, but its timing is weak. I conclude that on balance, the poor timing results in the Union's "status quo" proposal being slightly preferred on health insurance.

Wages and Longevity

After review of the contracts in the comparable highway departments, I conclude that because two of the counties relied on by the Union do not have explicit longevity benefits, but instead have wage rates in which the top rates are achieved only after many years, a straight comparison on "longevity" is awkward to make. Clearly, it unfairly advantages the County if, for example, Green County is considered not to have a longevity provision; a semi-skilled

laborer there had a 2005 wage rate of $14.79 to start, $15.66 after five years, and $16.10 after seven years, rising to $16.38 after 15 years and $16.75 after 25 years. When contrasted with Iowa County's wage structure, which tops out after 90 days, this looks very much like a longevity idea expressed in different terms. Lafayette County has a similar structure, though less extensive, with one jump beyond the two-year wage level, after seven years. Similarly again, Columbia County has not only a provision titled "longevity" but wage rates which rise by approximately two dollars over two years, and then have a further increase of something over thirty cents after 15 years' employment. Meanwhile Crawford, Grant, Sauk and Richland counties have regular wage rates topping out in two years or less; only Richland, among these, has no longevity provision. I conclude that the fairest way to give due weight to these very different structures is to assess the Union's longevity proposal primarily in terms of the total effect of wages and longevity of each of the comparables. The following table uses the 25-year rate for Patrolman as a sample for 2005:

County	25-year wage rate for Patrolman or equivalent classification, January 1, 2005. Longevity converted to cents per hour (by dividing annual total by 2080 if not expressed in cents per hour)
Columbia	$17.68 (including $.24 in longevity value)
Crawford	$16.23 (including $.62 in longevity value)
Grant	$16.19
Green	$16.75
Lafayette	(2004 rate, $15.29. Not settled for 2005.)
Richland	$17.16
Sauk	$16.56 (including value of two different forms of longevity)
Iowa – Employer's offer	$16.19 (including $.12 in longevity value)
Iowa – Union's offer	$16.34 (including $.12 in longevity

	value)

This tends to support the Union's contention that over the long term, the relative wage position of Iowa County highway workers declines. But the vast majority of employees are less senior, of course. For the unit as a whole, Iowa County will continue its previous status at approximately the middle of the wage table regardless of which proposal is chosen. In 2002, based on maximum wages only for Patrolman, Iowa County stood fifth out of eight, and three cents an hour below the mean wage rate. For 2003, it stood fourth, at four cents below the mean. For 2004, Iowa County stood fifth again, at seven cents below the mean. For 2005, it remains fifth under either proposal; and there is nothing in the four settled contracts for 2006 that indicates a change in Iowa County's ranking under either proposal.

Neither party argued the longevity issue significantly in terms of internal comparables. Because senior Iowa County highway workers' relative wage ranking drops slightly compared to other counties when longevity is factored in as a form of wages, I will not apply a significant weight against the Union's proposal simply because of the doubling of this relatively small benefit. With more than half the bargaining unit having at least 10 years of seniority, so that longevity is "spread around," it seems more appropriate to treat this benefit proposal as effectively a wage cost, amounting to $7,980. (Comparison between Employer's Corrected Exhibit 7E and its original Exhibit 7C.) This is very close to half a percent. Accordingly, I will treat the Union's proposal as involving another half percent of wages in 2006.

On wages considered this way, the relative attractiveness of the County's and the Union's proposals differ depending on which year is looked at. I will discuss 2006 first for reasons which will become apparent.

For 2006, the above noted acceptance of the County's argument that 1½ percent of its wage proposal represents a quid pro quo means that the County is offering in effect a 2% regular wage increase for a year in which there are no internal settlements.

While just over half the external comparables have settlements for 2006, that is enough to show a trend for both years that, on the surface, is significantly higher than the Employer's proposal:

County	2005 increase, Patrolman or equivalent	2006 increase, Patrolman or equivalent
Columbia	4.1%	
Crawford	4%	3.97%

Grant	3.52%	3.52%
Green	2.13%	2.39%
Lafayette		
Richland	2.98% (total of two increases)	2.51%
Sauk	2.98%	
Iowa – Employer's offer	2%	2% (not including quid pro quo)
Iowa – Union's offer	3%	3.0% (during 2006) or 3.5% (final value after split increase, including value of longevity proposal)

The impact of the wage settlements in Crawford and Grant counties for both years, however, appears blunted to some degree by the introduction of new health care costs to the employees (substantial deductibles in Crawford, office copays in Grant.) It seems likely that some of the wage increases there are in the nature of a quid pro quo. (The situation appears similar in Columbia County, to some degree, in 2005.) Precision in valuing how much of these increases is due to this effect is impossible, but this leaves the Union's 2006 wage proposal looking almost as high as the Employer's is low.

For 2005, the picture is impacted significantly by internal settlements not present for 2006. As noted above, there is an unambiguous difference between the Sheriff's Department settlement for 2005 and the two AFSCME units which have settled for that year. There is no way around the fact that between them, these generate a pattern for 2005 of internal settlements, in which 2% is the general wage increase and the additional 1½% for the Sheriff's Department unit represents the quid pro quo for the health insurance change.

The result is that the Union here is seeking 1% above a clear internal pattern. It has some reason for its proposal in the form of recent increases in inflation; but I find the internal settlement pattern to be the most important factor, and therefore find the Union's 2005 wage proposal less reasonable than the County's.

The Statute's Weighing:

The "greatest weight" factor was not argued and the "greater weight" factor does not favor either party. Of the remaining factors, the lawful authority of the employer, the parties' stipulations, and the interests and welfare of the public and financial ability of the employer to meet the costs are neutral. Internal comparables strongly favor the County's proposal for 2005, but slightly favor the Union's for 2006, since the County's proposal on health insurance is mistimed, though otherwise reasonable, and since there are no internal settlements for 2006 on wages. External comparables slightly favor the Union's proposal for 2005 because wage settlements in other highway departments seem closer to the Union's proposal even after factoring in new health costs to the employees in the counties with the highest raises. They are neutral in 2006, however: the Union's wage proposal is high given that it offers no relief on health costs, and the Employer's health insurance proposal is quite reasonable based on external comparables, but the Employer's wage proposal, without the quid pro quo, is lower than the comparable highway department settlements. The CPI[1] favors the Employer's proposal for 2005 but the Union's proposal for 2006, and is not a major factor for either. The overall compensation of the employees is neutral because the fact that the County provides a generous dental benefit compared to other county highway departments deserves weight under this factor, and the balance otherwise sets a not particularly well-timed though otherwise reasonable health insurance proposal and a slightly low 2006 wage proposal by the Employer against the Union's slightly high wage proposals for 2005 and 2006. The "changes during the pendency of the proceedings" and "other factors" elements were not argued.

Summary

This ends up as a close case, because each party has small but significant deficiencies in its offer. The Employer's health insurance proposal, with its appropriate quid pro quo, would be a factor in the Employer's favor but for the fact that it was offered in a period in which health insurance premiums actually went down in one year and were relatively stable in the other, a pattern which admittedly may not be stable for long, but which departed from the employers who are getting contributions from employees towards health insurance. Without the quid pro quo wage boost, the Employer's wage offer for 2006 is not particularly generous. At the same time, the Union's wage proposal for 2006 is on the high side compared to other counties with no recent added health costs to employees, and there are no internal comparables. Similarly, the County's dental insurance provision deserves some weight when assessing the County's wage offer, because of the generosity and unusualness of that provision; but that provision has been in effect for many years. There is nothing in the other terms and conditions of employment of these employees that appears particularly remarkable either way; the Union has

[1] I weigh the CPI more in terms of recent increases than over the longer term, as previous bargains have presumably already taken previous years' CPI largely into account.

made some showing that some other counties' employees gradually start to make more over the course of a career than Iowa County's, but the dental insurance provision is not reflected in that, and the Union's figures presume the presence of Dane County in the pool. Certainly, Iowa County is far from rock-bottom among the comparables. The net result is that the parties' proposals for 2006, all in all, are about equally reasonable.

The remaining factor is the parties' proposals for 2005. While the Union's proposal would be seen as more reasonable if external comparability were the key factor, all other Iowa County bargaining units already have settlements for 2005. I believe the internal pattern is well-defined and that it becomes more important. And the Union's proposal for that year is clearly a full 1% above the internal pattern. I conclude that with all of the factors taken together, the importance of internal comparability when there is already a pattern in place tips the balance, only slightly, but enough to render the Employer's proposal more reasonable overall.

AWARD

That the final offer of the County shall be included in the 2005-2006 collective bargaining agreement.

Dated at Madison, Wisconsin this 1st day of August, 2006

By_____
Christopher Honeyman, Arbitrator