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In the Case of the Final and Binding  
Mediation-Arbitration  
Between

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

MENASHA ELECTRIC AND WATER UTILITIES

and

LOCAL 1269, AFSCME, AFL-CIO  
MENASHA UTILITIES  
EMPLOYEES UNION

Case No. XXXVII

Med.-Arb./289

Dec. No. 23290

Decision No. 16861-A

ARBITRATOR'S AWARD

July 10 , 1979

Gordon Haferbecker  
Mediator-Arbitrator

## BACKGROUND

This is a mediation-arbitration dispute between the Menasha Electric and Water Utilities Commission (Employer) and Menasha Utilities Employees' Union, Local 1269, AFSCME, AFL-CIO (Union). The Union is certified as the exclusive bargaining representative for all regular full time and regular part-time employees, excluding professional, managerial, supervisory, confidential, seasonal, and casual employees of the Employer.

This dispute concerns the 1979 contract between the parties. The 1978-79 contract provided for a 1979 reopener concerning wages. The parties met on October 1 1978 and on four subsequent occasions without resolving their differences on the wage issue.

The Union filed a petition for mediation-arbitration with the Wisconsin Employment Relations Commission on December 21, 1978. On January 25, 1979, Commission Staff Member Timothy E. Hawks, conducted an investigation and determined that a deadlock existed on February 19, 1979, after receiving notice from the Union that its membership had rejected the Employer's last offer.

The parties selected Gordon Haferbecker of Stevens Point from a list of mediator-arbitrators submitted by the Commission. Mr. Haferbecker was appointed by the Commission on March 12, 1979.

Mediation-arbitration was scheduled for 4:00 p.m., May 4, 1979, at the Utility Commission offices. Mediation failed to produce a settlement and the parties proceeded to a formal hearing. The parties agreed to waive a transcript of the proceeding.

Ms. Marion Smith, Director of Research for the law firm of Mulcahy and Wherry, S.C., and Mr. James Austin, General Manager of the Utilities gave testimony and presented evidence on behalf of the Employer. Ms. LeNore J. Hamrick, Business Representative, presented evidence for the Union.

Thirty-eight exhibits were presented by the Employer and forty-eight exhibits were submitted by the Union. The parties jointly submitted a copy of the 1978-79 labor agreement. The parties agreed to file written briefs by June 15, 1979. Briefs were filed as scheduled by Ms. LeNore J. Hamrick for the Union and Dennis W. Rader of Mulcahy and Wherry for the Employer.

After the briefs were exchanged, the Arbitrator received a June 22, 1979 letter from Mr. Rader, the Employer representative, objecting that new evidence had been presented in the Union's brief. The Arbitrator was asked to disregard certain pages of the Union Brief as representing new testimony.

The Arbitrator on June 26, 1979, telephoned the representatives of the parties to discuss a resolution of the question raised by Mr. Rader.

It was agreed that the Union representative would send the Arbitrator and the Employer representative a statement explaining why she felt that the material in the Union Brief was not new evidence. It was also agreed that the Employer representative would file a response to the employer material questioned in the Union Brief. This response would close the record on the matter and the Arbitrator would proceed to write his decision.

In accordance with the above Ms. Hamrick sent the Arbitrator and Mr. Rader her response on June 26, 1979. Mr. Rader sent his reply brief on June 27, 1979, and it was received by the Arbitrator on June 29, 1979.

## ISSUE

The issue in this mediation-arbitration proceeding is the wage increase for bargaining unit employees for the 1979 calendar year. The positions of the parties are as follows:

## STATUTORY STANDARDS

The Briefs of both the Union and the Employer listed the factors that the Mediator-Arbitrator must consider in rendering his decision (Section 111.70 (4) (cm) 7. In this case there were no questions about the lawful authority of the municipal employer. The interests and welfare of the public and the Employer's ability to pay were not matters raised by the Employer. The parties did not enter into any stipulations of fact at the hearing. The other standards will be discussed with summaries of the positions of the parties and the Mediator-Arbitrator's comments.

## WAGE COMPARISONS

Union Position. The Union compared utility wages in the standard metropolitan statistical area of Appleton-Oshkosh. This includes Calumet, Winnebago, and Outagamie Counties and includes the cities of Appleton, Kaukauna, Neenah, Menasha, and Oshkosh. The Union comparisons also included utilities in Green Bay, Fond du Lac, Two Rivers, and Wisconsin Rapids. The Union selected six benchmark positions for the comparisons: accounting clerk, meter reader, lineman, power plant operator, maintenance mechanic, and water plant operator. Generally, under the 1979 Union and Employer offers, the Menasha positions ranked above most of the public utility positions but behind communities served by private utilities such as Wisconsin Public Service (Green Bay and Oshkosh) and Wisconsin Electric Power (Appleton) (Union Exhibits 26-31).

In comparisons with private employment, the state-wide average hourly wage in manufacturing was \$6.99 in January, 1979. In the Appleton-Oshkosh metropolitan area, it was \$6.76. The Menasha Utilities average hourly rate was approximately equal to the area average (Union Brief, p. 27).

The Union objected to the Employer's choice of De Pere, Kiel, Marshfield, and Stevens Point utilities in its wage comparisons. These are not within the local area and they are all substantially below Menasha in wage rates. Historically, they have not been used by the parties and they were not used by the Employer in the Menasha Utility's revision of the wage and classification schedule in 1977.

The Union also raised numerous objections to the Employer's wage comparisons (Union Brief, pp. 12-16). The Arbitrator will comment on this later.

Employer Position. The employer's wage comparisons are based on public utilities of similar size within the Fox River Valley and the Wisconsin River Valley; Kaukauna, Oshkosh, Appleton, Fond du Lac, Kiel, the Neenah-Menasha Sewerage Commission, Wisconsin Rapids, Stevens Point, and Marshfield. These are unionized utilities and many employ a comparable range of thirty to fifty employees.

The Employer objects to the Union's use of comparisons with the Wisconsin Electric Power Company and the Wisconsin Public Service Corporation. These are large state-wide producers and suppliers of electric power. Their employees are subject to call-out on a state-wide basis to service emergencies. They have not been used historically by the parties in the bargaining process to establish an equitable level of compensation. While the Union criticizes the Employer for not including the two large private utilities which the Public Service Administration 1977 study did include, the Union did not, however, include many of the other smaller utilities also surveyed by PAS such as Algoma, Beaver Dam, Richland Center, and Watertown.

The Employer's comparisons included wage rates on 43 of the 50 employed positions. In those comparisons, 70% of the employees in the Menasha Utility ranked in the first place (Employer Brief, p. 10). In the remaining 30% of the positions, Menasha Utility employees ranked second.

The Employer notes that the average Menasha Utility employee has fared better than the average production worker and the average paper worker in the Appleton-Oshkosh area. Weekly earnings for the average Menasha Utility employee in 1978 were \$293 compared to \$289 for paper products and \$260 per week for production workers (Employer Brief, p. 23, Union Exhibit 46, and Employer Exhibit 32).

Arbitrator's Comments. First, concerning date in the Employer's exhibits to which the Union Brief objected and to which the Employer responded, the Arbitrator can understand the difficulties on both sides. The employer presented 38 exhibits and attempted to compare 22 job classifications. This was a difficult task. The Employer used utility contracts and job descriptions and in many cases secured additional information by telephone.

With the number of exhibits, and seeing most of these for the first time, it is also understandable that the Union representative could not ask all of the appropriate questions at the hearing but felt it appropriate and necessary to make further comments and rebuttal in the Union Brief. It was desirable in this case that there was a later opportunity in the Employer's Reply Brief for Ms. Smith and Mr. Rader to answer the objections raised in the Union Brief.

As an illustration of these matters of difference, the Arbitrator notes the following: Page 24 of the Union Brief states as follows: "Under the Engineering Technician classification (Employer Exhibit 19) the Employer listed the Two Rivers wage rate as \$6.10. This title is rated at \$7.57 in the labor agreement (see Appendix D)."

The Employer response in the Reply Brief was as follows: "Pursuant to a telephone conversation with Mr. William Pappathopoulos, Manager of the Two Rivers Water and Electrical Department, it was ascertained that the position of Utility Service Man on Range 4 of the salary schedule was more appropriate since said position, as in the Menasha Utility, requires a high school education and some drafting experience to perform electrical distribution and design work, field work, surveying and layout of electrical distribution facilities. The Two Rivers Engineering Technician and the Utility Draftsman positions in Range 9 are inappropriate in comparison to the Menasha Utility job responsibilities and educational requirements."

I am sure that the Union could respond further on this wage comparison and others which were questioned. Each side may present good reasons as to why it made the particular job comparisons that it cited. The Union Brief did raise pertinent questions concerning job comparisons. The Employer response was reasonable. The Arbitrator does not feel that he needs to make a detailed examination of each of these comparisons, the rebuttals, and the replies.

While the parties are not in agreement as to which utilities, communities, and positions should be used in their comparisons, I think that the exhibits of both parties show that Menasha ranks relatively high in wage comparisons with public utilities in the local area, in the Fox River Valley and in the Wisconsin River Valley. Menasha Utility employees rank below the wages of the private utilities that serve Appleton, Oshkosh, and Neenah but some differential with such utilities is to be expected in view of their state-wide scope and their more complex operations.

In 1977 the Employer contracted with the Public Administration Service to make a classification and pay study. The results of this study have been accepted by the Employer and the Union and are being implemented in the 1978-80 period. More will be said about this later but the study did include public and private utility wage comparisons including many of the communities cited by the parties. In view of this very recent study, accepted by the Union and the Employer, it would seem that the Menasha Utility wage levels bear a reasonable relationship to those of other appropriately comparable utilities.

Both parties seem to find that Menasha Utility wages are comparable to private employment in the area.

#### TOTAL COMPENSATION INCLUDING BENEFITS

Union Position. The Union Brief analyzes fringe benefits in five utilities compared to Menasha in comparable communities (Union Brief, pp. 25-26). About a dozen fringe benefits are compared and the Union concludes that the Menasha Utility is about average.

The Union also concludes that the fringe benefits available to Menasha Utility employees are not superior to those available to private employees in the area (Union Exhibit 48).

Employer Position. The Employer contends that Menasha Utility employees receive competitive contributions toward the various fringe benefits such as health insurance, vacations, and others (Employer Exhibits 28 through 32).

The Employer contends that his offer of a total benefit increase of 10.69% is more reasonable than the total benefit increase of 12.56% demanded by the Union (Employer Brief, p. 27).

The Employer also notes that Menasha Utility employees have various premium pay arrangements including time and one-half for some work, double time in some cases, call-in time, relief operator premiums, and premiums for licensed operators. These provisions for premium pay in 1978 raised the earning capacity of 45 employees from the regular base wages of about \$619,000 to about \$686,000 (Employer Brief, pp. 21-22). This amounted to about 10 to 11 percent in additional wages.

Arbitrator's Comments. The parties are not in disagreement that Menasha Utility employees receive at least average fringe benefits and that on the whole the total compensation package is competitive with other public utilities. As in the case of the wage comparisons, the Arbitrator does not find that total compensation including fringe benefits should be decisive in this case.

#### RECENT WAGE SETTLEMENTS

Both the Union and the Employer presented evidence of settlement trends (Employer Exhibits 36-37 and Union Exhibits 42 and 47). They differ as to how the parties' offers in the Menasha Utility case should be calculated. The Union, ignoring the step increases, for reasons which will be discussed later, considers the Employer's 1979 offer to be a net 6% increase (4% January 1 and 4% July 1, 1979). The Union considers its proposed offer to be 8%, ignoring the step increases for some employees.

The Employer, by counting the step increases as part of the wage package, considers his offer to be not 6% but 9.5%.

Union Position. The Union, figuring the Employer's offer at 6%, finds that all twelve settlements listed by the Employer for Winnebago County are higher than the six percent increase offered by the Employer in this dispute. Eight of the twelve settlements are in excess of the eight percent the Union is asking.

In its own exhibits (Union Exhibits 26-30 and 42) the Union finds the Employer's six percent offer to be below the settlement trends and the Union offer of eight percent to be well within the average percentage increases of both the Menasha area and comparable communities. The Menasha area settlements in both private and public sector employment are all in the nine to ten percent range (Union Brief, p. 41).

Employer Position. The Employer, by including the step increases in his calculations, figures his 1979 offer at 9.5%. This compares with a weighted 1979 increase by nine public utilities of 9.1%. The Employer offer would raise base hourly wages by 64 cents per hour. The Union offer in this case would raise them by 77 cents per hour. The weighted average increase of the nine communities compared is 41 cents per hour. The Menasha Employer offer meets and exceeds the increases granted nearly all other area public employees and the Union proposal is clearly excessive at 77 cents per hour or 11% (Employer Brief, pp. 16-17).

The only local settlement that approaches the Employer offer is that of the paraprofessionals in the Social Services Department where a new compensation plan has been implemented. That settlement was 14.2%.

Arbitrator's Comments. Each party has put forth a rationale for its claim that its offer is reasonable. As indicated above, the key factor in evaluating the two offers is how step increases should be counted. The Arbitrator will deal with this question later.

#### COST OF LIVING

Union Position. The Union points out that the inflation rate for the twelve month period to March, 1979, was 10.3%. The Milwaukee rate for the same period was 12.3%. The Small Metropolitan Area rate was 10.2%. Each represents a substantially higher inflation rate than the 8% wage increase requested by the Union. Fringe benefits have not been improved during 1979 so the cost of living data should be utilized in its entirety against the proposed wage increases. The increased cost of health insurance represents only a .3% increase in the Employer's total budget (Employer Exhibits 33-34).

Union Exhibits 17-23 showed the impact of inflation on certain benchmark positions in the Menasha Utility. These showed that the step increases were needed to maintain purchasing power and showed that employees not eligible for step increases would suffer severe cuts in buying power under the Employer wage proposal. Some loss of buying power would occur for some employees even under the Union proposal.

The purpose of the wage reopened in the 1978-79 contract is to protect the employees against inflation. The Union proposal deals more adequately with this problem than the Employer's proposal.

Concerning recent changes in the cost of living, the Union points out that inflation was at a 9% rate for calendar 1979 and that figures released May 25, 1979, by the Bureau of Labor Statistics show inflation continuing at a double digit rate (Union Brief, p. 35).

Employer Position. Union Exhibit 16 shows a C.P.I. increase over a year earlier of 10.2% for small metropolitan areas. The Menasha Commission offer of 10.69% exceeds this increase while the Union offer of 12.56% is in excess of the cost of living increase and cannot be supported on a reasonable basis (Employer Brief, p. 19).

During the period from January 1, 1975 through January 1, 1979, Employer Exhibit 38 shows the effect of the wage increases granted in relation to inflation. While the C.P.I. increased 31% during that four-year period, the lineman received an increase of 51%, the water plant operator 54%, the clerk 31%, and the power plant operator 59%. This does not include benefits or insurance improvements. The Employer also noted the fact that premium pay, as discussed earlier, contributed to employee real spendable earnings.

It should also be pointed out that real spendable earnings on a national basis have been declining generally. In January, 1979, real gross average weekly earnings (which are computed by the Bureau of Labor Statistics using premium rates) were .9% below the January, 1978 level (Employer Brief, pp. 22-23).

Concerning recent cost of living changes during the pendency of the proceedings, the Employer points out that wholesale food price increases in early June showed the biggest decline in three years. Overall wholesale prices increased only .4% in May, while food prices declined 1.3% in May (Wisconsin State Journal, June 8, 1979). Such decreases should be reflected in later C.P.I. increases. Since the Employer's offer currently exceeds C.P.I. increases and smaller C.P.I. increases may reasonably be expected in the future, the Employer offer is the more reasonable offer before the Arbitrator.

Arbitrator's Comment. The parties do not disagree concerning the 1978 inflation rate of 9% nor over the fact that the early 1979 rate was in excess of that 9%. The evidence as to what will happen in the remainder of 1979 is mixed.

Whether the Employer or the Union offer is most reasonable in responding to C.P.I. increases depends significantly on what weight is attached to the matter of the step increases in 1979 pay levels.

#### THE ISSUE CONCERNING OVERRATED EMPLOYEES

A secondary issue in this wage dispute concerns what increase should be granted to two overrated employees. The Union proposes that these two employees be given 8% increases on January 1, 1979 like all of the other employees. The Employer proposes that these two employees be given a 4% increase on January 1, 1979 and no further increase on July 1, 1979.

The 1977 Public Service Administration study found that some positions were high enough in wages so that step adjustments were not needed. The wages in a few of these cases were above the new classifications for the positions. They were not reduced in pay but future increases were to be limited and the replacements for these positions would start under the new schedule.

Union Position. The Union argues that these two overrated employees should get a full increase in pay for 1979. The two employees concerned each have nearly 25 years of service to the Employer. They should not be required to suffer so severely in years of high inflation because of past inequities in the overall wage compensation schedule (Union Brief, p. 4).

The cost impact of granting the increases to the two employees would be minimal. Neither the Union nor the Employer proposal would put these employees on schedule. The issue will present itself in future negotiations and the wage rate for these two employees should not be the determining factor in establishing equity for the other 48 bargaining unit employees.

Employer Position. The Union has not argued that the pay plan and employee classification plan is inequitable. The Union is not following the PAS study recommendations in proposing 8% increases for these employees. The Union would have the Arbitrator award the pay increases to "overrated" employees, thus mitigating the deleterious aspect of the study but overlook all of the positive influences of the study on the bargaining unit. Such a posture defies the rules of fair play (Employer Brief, p. 13).

Arbitrator's Comment. The arbitrator does consider this to be a secondary issue for the reasons noted by the Union. The Employer's offer does not freeze the wages of these two employees but awards them a 4% increase.

Does the Public Administration Service study require that these employees not receive full cost-of-living adjustments? This question will be considered in the next section.

#### THE PUBLIC ADMINISTRATION SERVICE STUDY

We come now to what the Arbitrator considers to be the key issue in this wage dispute. What weight should be given to the pay step increases resulting from the 1977 Public Administration Service study (hereafter referred to as PAS)?

As reviewed in the Employer Brief (pp. 3-5), the General Manager of the Menasha Electric and Water Utility (Mr. Austin) and the Utility Commission initiated an independent study of the Utility job classifications and related pay schedules. The study was initiated because of compression of the wage schedules that had occurred over many years. Jobs in the low paying categories were overrated while jobs in the higher paying categories were undervalued in relation to the value of the work performed. Some people in the Utility refused promotions to higher positions due to inequities in the pay scale. The Utility never had a problem recruiting at entry level positions but it had difficulty recruiting for and filling the higher skilled jobs. The last classification and pay study was conducted in 1951 and a new study was needed.

The goals of the study were to provide for equal compensation for work of equivalent responsibility, to establish a method of rewarding employees for continued good or outstanding service, to facilitate adjustments to changing economic and employment conditions requiring changes in pay levels and interrelationships, and to establish pay rates which compare favorably with those of public and private organizations competing for employees' skills similar to those utilized by the Utility.

The Menasha Commission accepted the findings of the study and bargained with the Union with respect to the implementation of the study over a period of years. The Union neither openly supported nor rejected the study. Implementation of the recommendations began in 1978 and continues under both parties' offers in 1979. The recommendations as to the salary ranges and the placement of the employees on the salary ranges has been embraced in total by both parties.

Union Position. The PAS study (Union Exhibit 7) resulted in a new classification and pay plan. It was concerned with both internal and external consistency in pay. The proposed pay rates were not intended to include relief assignment differentials, premium pay, and longevity. The pay plan was adopted in its entirety by the Employer and Union. It was used as the basis for bargaining the wage increases for the 1979 calendar year. It is now part of the labor agreement.

As a result of the new pay plan, several employees who had been at the top (Step V) of the old pay plan were placed at Step III or IV of the new plan effective January 1, 1979. This affected 23 employees. No main office employees were affected. The purpose of this placement was to delay the cost of the implementation of the pay where substantial increases were adopted for the classifications these employees hold. However, the top step of the schedule was recognized as the appropriate base pay rate for these positions and progression to the top step anticipated by both parties in accordance with the normal twelve-month advancement procedure.

The Employer is now attempting to use these built-in step increases as justification for a low cost-of-living increase. While the Union does not deny that this is a cost factor to the Employer, it does not see this cost as a legitimate excuse to avoid justified cost-of-living increases.

The PAS study states "The progress or growth increase has no connection with a cost-of-living adjustment, and the two should never be combined in any way. For example, if an employee has earned and become entitled to a one-step growth increase (five percent) on July 1, and it is decided that a four percent cost-of-living adjustment is to be made effective on the same date, it is incorrect to say that he/she is receiving a nine percent increase or adjustment. What he/she is receiving is the growth increase and a four percent cost-of-living adjustment," (Union Exhibit 7, p. 14.).

The Employer is attempting to achieve through arbitration the exact opposite of what it adopted during negotiations only one year ago. The pay plan was adopted by both parties as the appropriate means to recognize service, not to build in cost-of-living adjustments. The twenty-three employees who received step increases on January 1, 1979 did not receive cost-of-living increases on that date. They received increases based on the jobs they were performing, but which were delayed because the new pay plan is being implemented to spread the cost over a three-year period. All employees affected will be back on the top step in 1980.

The Union cites several arbitrations where step increases based on learning and training were held not to detract from cost-of-living increases (Union Brief, p. 40).

Employer Position. The Employer contends that the Union exhibits consistently ignore the impact of the PAS study on the bargaining unit. The Employer believes that the value of the wage improvements accomplished as a result of the PAS study must be included and recognized in any evaluation of the wage offers. These adjustments cannot be dismissed as merely automatic adjustments bargained in prior years. The Union does not deny the existence of these moneys when presenting wage rates or when costing the impact of the parties' offers (Union Exhibits 12-15). If the Employer had not initiated this study, pressure would have built internally for realignment of certain job classifications and reclassifications would have occurred on a piecemeal basis during the collective bargaining process. All such improvements would have been costed as part of the wage package.

The Employer cites various arbitration decisions where step increases are recognized in computing the cost of any offer (Employer Brief, p. 12).

The Employer concludes that the Arbitrator must recognize the moneys resulting from any implementation of the PAS study in any evaluation of the offers.

Arbitrator's Comments. In general, the Arbitrator finds the Union position on this issue more persuasive. The step increases need to be considered apart from the cost-of-living increase. The step increases are a correction of inequities which had developed over a period of years. The situation is not fully comparable to the education and experience steps in a teacher salary schedule. Such teacher schedules provide regular increases for a large proportion of the faculty year after year. The step increases in this case include only a limited number of steps and according to the Union all affected employees will be at their top step by 1980 (Union Brief, p. 39).

Particularly significant is the statement in the PAS study which states that the step increases "have no connection with a cost-of-living adjustment and the two should never be combined in any way" (Union Exhibit 7, p. 14). It would seem very difficult for the Employer to reject this key part of the pay plan which he and the Union have accepted.

Of concern also is the fact that at least fifteen of the Menasha Utility employees will get no step increase in 1979 and under the Employer offer they would have only a 6% increase in 1979 wages to offset the 1978 inflation rate of 9% and the current high inflation rate.

The Employer has noted that the one local area public employee group, the County Social Services Paraprofessionals received the largest pay increase, 14.2%. The Employer points out that this was due to a new compensation plan. It seems to the Arbitrator that the Union's proposal here of a wage and benefit plan costed at 12.56% is very comparable to the Social Service Paraprofessionals because here also the size of the increase is due in large part to the inauguration of a new pay plan.

The Arbitrator recognizes that the combined effect of the step increases and the Union proposed cost-of-living adjustment does result in a large total percentage increase in wages for this group of employees but he feels that this is justified for the reasons cited above.

#### CONCLUSION

Both parties presented well prepared cases and good rationale for their positions. Neither offer is clearly unreasonable but in view of the inability of the parties to compromise their differences, the Arbitrator must choose the last offer of the Union or the Employer.

The parties are in agreement on the basic wage level which will prevail after July 1, 1979 under either party's offer. Neither party alleges that the general wage schedule of the Menasha Utility is too high or too low.

There seems to be no disagreement that both offers, the Employer's 6% net increase or the Union's 8% increase are below the 9% cost-of-living increase in 1978. Both parties recognize the high current inflation rate in 1979 but the Employer is hopeful that it may moderate later this year.

The parties do not seem to disagree as to the cost of the offer of each party.

As indicated earlier, the Employer favors increasing the general wage adjustment more slowly in 1979 in view of the value of the step increases and in view of the total 1979 cost of the wage adjustment as compared to 1978. The Employer argues that over a period of several years, the Menasha Utility wages have exceeded cost-of-living increases.

The Union argues that the fact that some employees are getting step increases needed to establish a fair pay schedule should not be used to deny all employees a reasonable 1979 cost-of-living adjustment. The PAS plan accepted by the parties clearly indicates that the step increases should not substitute for cost-of-living adjustments. The eight percent pay increase proposed by the Union is a reasonable response to the 1978 rise in the cost of living at 9% and the continued high inflation in 1979.


The Arbitrator finds the Union argument more persuasive and the Union offer the more reasonable of the two. Of particular significance is the clearly stated position in the PAS study that the step increases in the pay plan should not be counted as cost-of-living adjustments. The Arbitrator is also concerned that under the Employer offer a substantial proportion of the Menasha Utility employees would receive only a six percent increase in earnings in 1979 after experiencing a nine percent rise in the cost of living in 1978 and in the face of continued high inflation in 1979.

I recognize that the Union proposal results in a high wage cost increase for the Menasha Utility for 1979 but a substantial part of the increase represents adjustments for past inequities as provided in the PAS plan accepted by both parties. As noted earlier, the Social Work Paraprofessionals received an even higher 1979 wage adjustment because of the adoption of a new pay plan.

The parties and the Arbitrator have taken into account the statutory standards provided under Wisconsin law for arbitration decisions in municipal interest arbitration.

#### ARBITRATOR'S AWARD

The Arbitrator orders that the last offer of the Union be incorporated in the 1979 contract between the parties. This requires that there be an 8% across-the-board pay increase (including overrated employees) to be effective January 1, 1979.

  
 Gordon Haferbecker  
 Mediator-Arbitrator