STATE OF WISCONSIN

BEFORE THE MEDIATOR/ARBITRATOR

In the Matter of the Mediation/Arbitration of JACKSON COUNTY SOCIAL SERVICES, LOCAL 2717-B, WCCME, AFSCME, AFL-CIO and JACKSON COUNTY (DEPARTMENT OF SOCIAL SERVICES)	Case XXV No. 27232 MED/ARB-972 Decision No. 13409-A

APPEARANCES:

Daniel R. Pfeifer, District Representative WCCME, AFSCME, AFL-CIO, appearing on behalf of Jackson County Social Services, Local 2717-B.

Mulcahy & Wherry, S.C., by Michael J. Burke, appearing on behalf of Jackson County (Department of Social Services).

ARBITRATION HEARING BACKGROUND:

On February 16, 1981, the undersigned was notified by the Wisconsin Employment Relations Commission of appointment as mediator/arbitrator, pursuant to Section 111.70(4)(cm)6 of the Municipal Employment Relations Act in the matter of impasse between Jackson County Social Services, Local 2717-B, referred to herein as the Union, and Jackson County (Department of Social Services), referred to herein as the Employer. Pursuant to the statutory requirement, mediation proceedings were conducted between the parties on March 16, 1981. Mediation failed to resolve the impasse and the matter proceeded to arbitration that same day. At that time, the parties were given full opportunity to present relevant evidence and make oral argument. The proceedings were not transcribed. Post hearing briefs and reply briefs were filed with and exchanged through the arbitrator. The last brief was received on May 13, 1981.

THE ISSUE:

The sole issue at impasse between the parties pertains to a cost of living adjustment clause. The final offers are attached as Appendix "A" and "B".

STATUTORY CRITERIA:

Since no voluntary impasse procedure was agreed to between the parties regarding the above impasse, the undersigned, under the Municipal Employment Relations Act, is required to choose the entire final offer of one of the parties on all unresolved issues.

Section 111.70(4)(cm)7 requires the mediator/arbitrator to consider the following criteria in the decision process:

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 and with other employes generally in public employment in the same community and in comparable communities and in private employment in the same community and comparable communities.

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

F. 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.

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

H. 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.

COMPARABLES:

Citing other arbitrators, the Employer states the "criteria serving as indicia of comparability" are those set forth by these arbitrators and are as follows: population, geographic proximity, mean income of employed persons, overall municipal budgets, total complement of relevant department personnel, and wages and fringe benefits paid such personnel. Continuing that it has used these criteria, the Employer states the most comparable counties are Clark, Wood, Juneau, Adams, Monroe, La Crosse, Trempealeau, Buffalo, and Eau Claire. The Employer posits these are most comparable because each lies in close proximity to Jackson County thus they naturally compete in the labor pool of employees seeking jobs within the same general area. Additionally, the Employer notes the employees and other residents of Jackson County and the comparable counties compete for the same goods and services and are influenced by the same variations in the labor market and in the cost of living. Further, the Employer contends all of the above counties are similar both in population and in size of social service departments resulting in the departments performing essentially the same type of job responsibilities. Finally, the Employer states the counties they suggest are comparable have similar equalized values and similar full value tax rates.

The Union concurs with the Employer that their proposed comparables should be included among the comparables. However, the Union maintains Pepin, Dunn, Chippewa, Taylor, Marathon, and Portage Counties should also be included. In support of its argument, the Union states all of the counties they propose as

comparables lie within a two county radius of Jackson County. Further, they contend, that based on the comparables used by the County, the Union's addition of six more counties is also acceptable since they are also within the same geographical proximity, have similar sized populations, and similar equalized values thus making them similar in socio-economic status.

The Employer rejects the Union's contention that there should be six additional counties added to the comparables stating the Union has not given concrete evidence to support inclusion of these comparables. The Employer maintains the Union's proposed comparables are neither proximate geographically or similar in bargaining unit size. Further the Employer avers that no evidence was submitted relative to the population sizes of the counties, their equalized values, or their full value tax rate. The Employer continues the counties proposed by the Union lie within the second tier of counties and thus are more distant from Jackson County than those counties proposed by the Employer. Finally, the Employer states a review of the bargaining unit sizes of those counties proposed by the Union show their social service departments are anywhere from four times larger to significantly smaller than Jackson County. Thus, concludes the Employer, the appropriate set of comparables remain those proposed by the Employer.

The undersigned finds that the Employer, as well as the Union, deviates from the criteria which the Employer states mandatorily determines the comparable counties. An analysis of the population of the counties, the size of the social service departments, as well as the equalized values for the counties and their full value tax rates, indicates there is significant deviation from the data pertinent to Jackson County. Thus, the undersigned finds many of the objections raised by the Employer regarding the Union's proposals are conditions which exist within their own proposal. The undersigned also finds, however, that although the Union has proposed additional counties stating they are equal in population and equalized values, it has presented no data which substantiates this comparability. As a result, the undersigned has selected those counties which were mutually agreed upon by the two parties but considers certain counties more comparable than others.

In addressing comparisons as required by statute, the undersigned has placed most weight in comparing the counties of Buffalo, Trempealeau, Monroe, Juneau, Adams, and Clark. These, agreed upon by the parties, are most similar in population, equalized values, tax rates and bargaining unit size. The undersigned notes that even consideration of these counties as most comparable, allows significant differences to exist. Juneau County is the only county which is significantly similar to Jackson County. The others are generally larger or smaller in both population and equalized values than Jackson County. Additionally, Juneau County and Adams County have few comparable positions within the social services bargaining unit. Secondarily, the undersigned considered the correlative relationship of wages between Jackson County and Wood County since Wood County's bargaining agreement contained a cost of living clause until this year. This gives a more accurate comparison of wage increases when such clauses exist. The undersigned recognizes this clause was removed from the contract in Wood County in 1981, however, neither party gave proof as to how it was accomplished. Finally, since the parties did agree that Eau Claire County and La Crosse County were also comparables, the undersigned considered these within a third level of comparison, and applied weight on that basis.

POSITION OF THE PARTIES:

The Employer proposes modifying the cost of living provision which has existed in the previous contracts between the County and the Social Services Department by placing an 11% cap on the adjustment clause. In support of its position, the Employer states that its economic offer is more reasonable when wages and total compensation are examined in comparable counties, when the wage increases given its other county employees are considered, and when the cost of living increases are considered. Further, the Employer objects to an unmodified continuation of theclause since it contends the clause has served no constructive relationship between the parties.

The Employer argues that when the costing of the offer is appropriately done, its offer is extremely reasonable and exceeds its offers to other employees and offers made by other counties to their employees. Contending the threshold issue before the arbitrator is whether increment payments are wages under terms of "wages, hours, and conditions of employment", the Employer asserts that if they are considered as such, its wage offer is a 22.03% increase in wages only. The Employer continues no other method of costing may be used since disregarding the step increases assumes they maintain a constant value from year to year.

The Employer continues that Jackson County employees occupy a leadership position among the comparable communities. It notes that in 1980 when minimum rates are compared the County is at the top of the comparative pool in three of nine positions and at the top in five of nine positions when maximum rates are compared. It continues that in 1981 the County improves its comparative position at the starting rate and retains the leadership position in a number of instances at the maximum rate. Further, the County contends the dollar increases it offers exceeds the comparable range of increases in other counties at the maximum level and exceeds the settlement patterns established by voluntary settlements for 1981. Additionally, the Employer states total compensation comparisons show its employees receive a "competitive, if not superior, level of benefits" when retirement contributions, health insurance premium payments, life insurance provisions, dental insurance coverage and longevity are considered.

According to the Employer, the offer it makes to the Social Services unit is more than reasonable when the wage increases given its other County employees are considered. The Employer states the comparison shows it has offered a greater increase to the Social Services unit than it has offered to any other employee group. It concludes that "to grant more than . . . (the) County's final offer will not promote labor peace and stability within Jackson County."

Stating movement through the salary schedule must be considered in the cost analysis, the Employer contends it must also be compared to the Consumer Price Index increases. When this comparison is made, the Employer contends its offer not only matches the CPI increases, but exceeds them.

In support of its position, the Employer cites several school district cases wherein cost analysis includes the step increments. Arguing that the quality of work may improve but productivity does not, the Employer contends the salary schedule for social service department employees must be considered in the same manner as are schedules for school districts. Utilizing this method of

cost analysis, the Employer then concludes that, even with the cap it proposes, the wages only increase for employees of the department will be 22.03% compared to the CPI increase from November, 1979 to November, 1980 of 12.7%. Thus, the Employer concludes not only does it offer a reasonable percentage increase in wages but its salary schedule has guaranteed increases to its employees which together exceed CPI increases. The Employer continues not only will this occur this year but it has happened each of the past five years also. The Employer concludes Jackson County employees in this unit are an exception to the recent national experience during these inflationationary times where few employees keep pace with the inflation rate.

Finally, the Employer objects to the unmodified continuation of the cost of living clause and urges the undersigned to place a cap upon the clause since there are serious problems with the index which is being used and since no comparable statistics exist which support continuation of the clause. The Employer argues there is support for altering long-standing contractual provisions through arbitration awards when the moving party can show sufficient reason. The Employer continues sufficient reason exists. It states no other county employees within Jackson County have a cost of living adjustment clause nor do any of the comparable counties surrounding Jackson County. It notes that Wood County had a cost of living adjustment clause in 1980 and it was removed from the contract in 1981. The Employer concludes there is not only justification for modifying the clause, but justification for eliminating it entirely from the contract.

The Employer maintains the cost of living adjustment clause is attached to a flawed index which measures prices and not the cost of living. Thus, continues the Employer, it should not be used unless it is modified. The Employer contends the Consumer Price Index does not measure changes in consumer preference. Rather, it exaggerates the cost of housing and it fails to adjust for higher prices which are the result of improved quality. Thus, the Employer asserts that paying a cost of living increase based on the CPI results in an increase that does not accurately reflect the cost of living. It concludes, then, the percentage cap is a response to the need to control the exaggeration within the CPI.

In conclusion, the Employer argues there is sufficient reason to modify the clause since external factors are placing pressures upon the County to provide a high level of fiscal responsibility. It notes the political and economic environment is now one of cut-backs, both at the Federal and State level, and, therefore, it is mandatory to engage in fiscal planning which leads to more accurate long range budget projections.

The Union: The Union states the issue before the arbitrator can be summarized as should Social Service employees retain their historical cost of living clause, or should the clause be capped at 11%. The Union asserts that the clause, compensating employees at a rate equal to the percentage increase in the Bureau of Labor Statistics Consumer Price Index, has existed since the initiation of collective bargaining with the Social Services Department and the Union's proposal to maintain the status quo should prevail. It argues the comparables show that while the Union has continually had a cost of living adjustment clause, the minimum rate paid employees, especially in the nonprofessional areas, is below the majority of the counties' rates. It continues that while the maximum rates for professionals and nonprofessionals compare favorably, the County does not provide a longevity plan and the maximum wage is achieved at four years. In comparison, the majority of

other counties provide both a longevity plan and the attainment of maximum rate at the end of a year and one-half. The Union continues when the eighteen month rate is compared, it is clear that its clerical rates are low.

The Union disagrees with the County's method of calculating costs indicating that it believes the step increases were previously negotiated and probably costed at the time of implementation. Therefore, it argues, the increments should not be included as a cost factor in the instant procedure. The Union then avows the accurate cost of the wage proposal is either 12.7% or 11%, dependent upon whose offer is being considered. Further, the Union argues the 1982 costs cannot be accurately determined since the costs would be based on the cost of living increase. It asserts an assumption of a percentage increase at this period in time is not appropriate.

The Union questions the Employer's use of the Personal Consumption Expenditures Survey as an appropriate index for measuring the cost of living indicating that it is an untested economic indicator. It continues the CPI should be used because it is most commonly used and most widely accepted as a measurement of economic conditions. Further, the Union avers that if the wage increases are costed as the Union believes they should be costed, the increase sought by the Union is essentially equal to the increase in the Consumer Price Index.

The Union challenges the Employer's argument that the County maintains a leadership role. Citing the fact that a majority of the counties have 100% payment of premiums for both single and family health insurance coverage; that life insurance, while paid at 100% by the County, is only $4,000 coverage, and that the County does not provide a longevity plan, the Union asserts the County is not a leader.

Finally, the Union declares the Employer is seeking to establish parity in real wage increases within the organized units of the County. It notes that if the step increases are excepted from the costing analysis, it is apparent that the County is offering approximately the same wage increase to the Social Services unit as it offered to the Sheriff's unit. Thus, the Union concludes there is not sufficient reason for modifying the cost of living clause which it has maintained from the beginning of collective bargaining within the County.

DISCUSSION:

The question before the undersigned is should the employees retain a cost of living clause which has existed since the inception of collective bargaining in 1976 even though it is an unusual benefit within the area. The Employer maintains the clause should be capped because its employees are well paid when area comparisons are made; because the CPI is flawed, and because it needs to have more accurate long range budget projections. The Employer also argues the method of costing wage increases for the Social Services unit should be changed to reflect step increments within the salary schedule. While the undersigned concurs that the step increments accurately reflect a cost to the County, the undersigned is not convinced that the cost should be reflected as a percentage increase sought by the employees within the unit. The undersigned notes that while it is standard procedure to cost step increments into the cost for school districts, it is not a standard costing measurement within other governmental units nor in private industry.

Further, the undersigned finds the step increments exist within the comparable counties and the percentage increase comparisons do not reflect the increments as part of the increase in wages only among those counties.

In order to determine the impact of a cost of living clause in Jackson County, the undersigned compared wages only compensation as well as total compensation. While it is clear to the undersigned that Jackson County's social services employees are wage leaders, it cannot be concluded that this is the result of the cost of living adjustment clause. There is no substantial change in the percentage spread in comparable positions except as affects the IM worker, where the Union noted the change in pay was by mutual agreement and in accord with the Civil Service Merit System. Further, the percentage difference between Jackson County and the comparables does not differ significantly from 1980 to 1981. While an increase tied to the CPI may result in a high percentage increase during inflationary times, the comparables indicate they too attempt to meet the escalating cost of living in the percentage increases offered their employees. Thus, even though the Employer's offer does maintain the same rankings as the Union's demand and among comparable counties, the undersigned does not find justification for modifying the cost of living adjustment clause on the basis of wage compensation.

As to total compensation, the undersigned finds the employees of the social services unit compare favorably with other counties in the areas of retirement, health insurance benefits, dental insurance benefits, and life insurance benefits. Further, the undersigned finds the County offers approximately the same number of sick leave days and the same number of holidays as other counties offer their employees. Among the comparable districts the undersigned used, it appears longevity is a new benefit being sought by employees of the comparable counties. However, among all the comparables it still is not a benefit enjoyed by the majority of the counties. Therefore, the undersigned concludes that while Jackson County does not offer longevity to its employees, it does not compare unfavorably. Additionally, the undersigned notes the majority of counties offer additional days of vacation to their employees at some point in time beyond the 10 to 20 years of service category. The social services employees do not receive this benefit. Finally, the undersigned finds social services employees also do not receive as large a mileage rate compensation as the majority of other counties do. From these comparisons the undersigned concludes that while Jackson County fares well in comparison to other counties, it is not a leader. The benefits enjoyed by the social services unit are either similar to or lagging slightly behind benefits enjoyed by comparable units in other counties. Thus, the undersigned is not persuaded by the total compensation comparisons that the clause won by the bargaining unit should be capped.

Since the undersigned does not conclude that the wage compensation or the total compensation of the employees justifies modifying the cost of living adjustment cluase, it is then important to address the questions raised by the Employer regarding the flaw in the Consumer Price Index and its need to have more accurate budget projections. As has been the issue in previous arbitration cases, the question arises whether the Consumer Price Index is an appropriate measurement of the cost of living increases. Most typically, the Employer has asserted that the Personal Consumption Expenditure Survey is a more appropriate index to be used when measuring the cost of living increases since it reflects how people choose to spend their money. The undersigned finds that while the Personal Consumption Expenditure Survey does reflect how people actually spend their money and while the Consumer Price Index measures

increases in price of certain items, it cannot be concluded that either index reflects a compromise between the cost to maintain a certain standard of living and the actual spending habits of individuals during inflationary times. Thus, both indexes must be viewed with caution. As to which index should be more appropriately used in relationship to seeking wage increases or in relationship to attaching a value to a cost of living adjustment factor, the undersigned does recognize the problems in the Consumer Price Index relevant to housing costs and relevant to its measurement of a fixed market basket, but still notes this index is the national indicator both for governmental purposes and for cost of living adjustments sought both within the private sector and the public sector. Therefore, there is no persuasive reason for the undersigned to modify the cost of living adjustment clause because it uses the Consumer Price Index as the measurement for the wage increases.

The Employer's argument relevant to the need to be able to project budgets in the future is the argument deserving most merit. The undersigned concludes, however, that while the economic situation and the political environment may result in problems for social service departments in the future, it is not a persuasive argument now. To make the assumption that a cost of living adjustment clause should be removed on the basis of speculation is not justified.

Thus, having reviewed the evidence and arguments and after applying the statutory criteria and having concluded that the Employer has not met the burden of providing reasons for why a clause earned through negotiations should be removed, the undersigned makes the following

AWARD

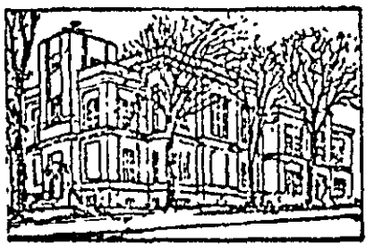
The final offer of the Union, along with the stipulations of the parties which reflect prior agreements in bargaining, as well as provisions of the predecessor collective bargaining agreement which remained unchanged during the course of bargaining, are to be incorporated in the collective bargaining agreement for 1981 as required by statute.

Dated this 2nd day of July , 1981, at La Crosse, Wisconsin.

Sharon K. Imes
Mediator/Arbitrator

SKI/mls

APPENDIX "A"



Jackson County
WISCONSIN

PERSONNEL OFFICE
COURTHOUSE, BLACK RIVER FALLS
54615

January 13, 1981

WERC
1A West Mifflin St., Suite 200
Madison, WI 53703

Attention: Mr. Robert McCormick

In regards to the meeting held on January 6, 1981, the following is the County's final offer:

WAGES: The term of the agreement to consist of two (2) years effective January 1, 1981.

Effective January 1, 1981, the wage schedule shall then be increased by an amount equal to the increase in the Bureau of Labor Statistics Consumer Price Index by comparing the 1967 base, all items report of November 1979 and November 1980, (National Urban Wage Earners) with an eleven percent (11%) cap, (maximum limit).

Effective January 1, 1982, the wage schedule shall then be increased by an amount equal to the increase in the Bureau of Labor Statistics Consumer Price Index by comparing the 1967 base, all items report of November 1980 and November 1981, (National Urban Wage Earners) with an eleven percent (11%) cap, (maximum limit).

Respectfully,

Jackson County Bargaining Committee

[illegible] Mueller, Chairperson

APPENDIX "B"

January 13, 1980

Jackson County Department of Social Services, Local 2717-B, WCCME, AFSCME, AFL-CIO (WERC Case XXV No. 27232 MED/ARB-972)

Union Final Offer:

1) Wages:

a) Effective January 1, 1981, the wage schedule shall be then increased by an amount equal to the increase in the Bureau of Labor Statistics Consumer Price Index by comparing the 1967 base, all items report of November 1979, and November 1980. (National Urban Wage Earners)

b) Effective January 1, 1982, the wage schedule shall be then increased by an amount equal to the increase in the Bureau of Labor Statistics Consumer Price Index by comparing the 1967 base, all items report of November 1980, and November 1981. (National Urban Wage Earners)

2) All provisions retroactive to 1/1/81.

IN BEHALF OF LOCAL 2717-B:

Daniel R. Pfeifer

Daniel R. Pfeifer, Dist. Rep.

STATE OF WISCONSIN

BEFORE THE MEDIATOR/ARBITRATOR

RECEIVED

JUL 14 1981

WISCONSIN EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Mediation/ Arbitration of

JACKSON COUNTY SOCIAL SERVICES, LOCAL 2717-B, WCCME, AFSCME, AFL-CIO

and

JACKSON COUNTY (DEPARTMENT OF SOCIAL SERVICES)

Case XXV
No. 27232 Med/Arb 972
Decision No. 18409-A

AMENDMENT

It has come to the attention of the undersigned that in issuing the final award in the above identified matter, the award was issued for contract year, 1981. The final offers of the parties both included contract years 1981 and 1982, therefore the undersigned amends the award dated the 2nd day of July, 1981 to the following:

AWARD

The final offer of the Union, along with the stiuplations of the parties which reflect prior agreements in bargaining, as well as provisions of the rpedecessor collective bargaining agreement which remained unchanged during the course of bargaining, are to be incorporated in the collective bargaining agreement for 1981 and 1982 as required by statute.

Dated this 3rd day of July, 1981, at La Crosse, Wisconsin.

Sharon K. Imes

Sharon K. Imes
Mediator/Arbitrator

SKI:mls