

AUG 17 1983

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

In the Matter of Last Offer Interest Arbitration

Between

OUTAGAMIE COUNTY

and

OUTAGAMIE COUNTY COURTHOUSE EMPLOYEES  
LOCAL 2046, AFSCME, AFL-CIO

August 16, 1983

Gordon Haferbecker, Arbitrator

MED/ARB 2088

Decision No. 20417-A

APPEARANCES:

Roger E. Walsh of Lindner, Honzik, Marsack, Hayman & Walsh, S.C., for the County.

Gregory N. Spring, Staff Representative, Wisconsin Council of County and Municipal Employees, AFSCME, AFL-CIO, for the Union.

BACKGROUND

This dispute arose from reopener negotiations pursuant to the parties' 1982-83 contract. Three items were open for discussion; wages, the County's health insurance contribution, and the County's pension contribution. Local 2046 represents the maintenance and homemaking employees of Outagamie County employed in the County Courthouse, Social Services Department, Highway Department (clerical employees), Airport, and Safety Building and Flamann Park.

The parties met on November 5, 1982, to exchange initial proposals for the 1983 reopener issues. Three bargaining sessions followed.

On December 23, 1982, the Union filed a petition with the Wisconsin Employment Relations Commission requesting mediation/arbitration. Commission staff member, David Shaw, conducted an investigation on March 3, 1983. On that date, Mr. Shaw determined that an impasse existed between the parties and he received their final offers and agreed-upon items as stipulated.

Gordon Haferbecker of Stevens Point was selected by the parties to serve as mediator-arbitrator. Mediation was conducted on July 18, 1983, but a settlement was not reached and the parties proceeded to arbitration that same day. Exhibits and testimony were presented. The parties agreed to exchange briefs through the Arbitrator on August 1, 1983. Briefs reached the Arbitrator on August 2 and 3.

Union Exhibits will be indicated as U-1, U-2, etc. and Employer Exhibits as E-1, E-2, etc.

FINAL OFFERS

Outagamie County. (1) Increase all rates by 10¢ per hour, effective 1/1/83 and (2) Agreed items, dated 3/3/83.

Union Local 2046, WCCME, AFSCME, AFL-CIO. (1) Add 4% to all rates, effective 1/1/83, (2) Add 2% to all rates effective 7/1/83 (compounded), (3) All previously agreed-to items.

EMPLOYER POSITION

Health Insurance Cost Increase. Family rates went from \$132.71 to \$181.94 per month and single rates from \$51.41 to \$70.25 per month, a 37% increase in both rates (U-7). The County agreed to pick up the full increase in the single premium and to pay the same 75% of the family premium that it did in 1982. The County's health insurance costs increased 37%. The increased cost of almost \$43,000 amounts to 2.6% of the wage base.

The average increase in health insurance of all the other comparables submitted by both parties was 15.6% for single premiums and 16.4% for family premiums (E-23, U-7). Thus, Outagamie County's health insurance premium increase was almost 2½ times greater than the average increase in other municipalities. If the health insurance costs had remained constant, the \$42,942 health insurance cost added to the County's wage increase cost of \$29,952, totals \$72,894, a figure not much below the Union's proposed wage increase cost of \$82,134.

Status of the Economy. When the current contract began in January, 1982, the Consumer Price Index (Urban Wage and Clerical Workers) was rising at an annual rate of 8.2%. By the time the reopener notice was given, the rise in the CPI had lessened to 5%. As of January 1, 1983, it was 3.5%. The June CPI figures show an annual increase of 2.4%.

The total economic cost increase of the Union's offer (including wages, pension and health insurance) is 7.3%, over twice the average increase in the CPI so far this year.

The County's 4.3% total package cost is more reasonable and realistic when compared to the 3.4% average increase in the CPI in 1983 or even the 3.9% increase in December, 1982, or the 3.5% increase in January, 1983.

The Wisconsin unemployment rate has gone from 8.7% in January, 1982, to 11.6% in January, 1983, a 40% increase (E-8b).

The County did provide funds to permit reasonable increases allowing employees to keep pace with inflation, and even exceed it a bit.

The Union got a 7% wage increase in 1982, and is now asking for almost as much, a 6% increase. Mediator-arbitrators in 1983 have recognized that the economy does not warrant such large wage increases.

Other County Settlements. The County's offer to Local 2046 is consistent with its offers to its other three bargaining units represented by AFSCME (E-10).

The Deputy Sheriff's Association has voluntarily accepted a 10¢ per hour wage increase (note that both the start and one-year step rates were frozen at the 1982 levels) plus a larger contribution to health insurance premiums. The 10¢ per hour represents a lower percentage increase for Deputies than it does for Courthouse employees (1% vs 1.8%) but the Deputies wanted more of the package to go towards payment of health insurance premiums (3.3% vs 2.6%).

The unrepresented employees will receive 1983 compensation increases similar to those the County has offered to Local 2046. They will receive a wage increase of 3.2% and a 1.8% health insurance increase.

The Courthouse unit should not be treated differently than the other employee groups unless Local 2046 can show some unique problem the Courthouse unit faces that differs from the problems facing other County employees whose 1983 compensation package has been settled.

Comparables. The parties submitted wage data from nine other counties and the City of Appleton. The Union listed the City of Appleton and Shawano and Waupaca Counties, which were not in the County Exhibits, and the County listed Washington County which was not on the Union Exhibits. The County does not argue that any of the municipalities should be excluded. Washington County's full value and other data would be similar to the other counties shown in Union Exhibit 2.

In 1982, Outagamie County rates were generally average when compared to the rates of the eight counties used as comparables (E-11, 13, 15, 17, 19, 21). In the six different positions compared Outagamie County ranked 4th, 2nd, 3rd, 3rd, 5th and 6th in 1982 and 5th, 3rd, 4th, 6th, 5th, and 6th in 1983 (Employer Brief, p. 8). These were 8 County comparisons. There was a slight slippage in rank in the first four categories, but no change in the last two, plus a slight slippage in the relationship to the average. This slippage is understandable because Outagamie County was faced in 1983 with a two and one-half times greater increase in health insurance premiums than imposed on the other counties (37% vs 16%).

No long-term pattern of slippage has been proved or even alleged by the Union. Slight fluctuations are almost a certainty when comparisons are made for so short a span. For example, Manitowoc is proposing a zero increase for 1983 and Winnebago's 7.8% increase for 1983 is the second year of a two-year contract which was negotiated in a totally different economic period.

The average rate increase in 1983 over 1982, as noted in the Employer comparisons is around 4.3%. The Union here is asking for a 6% rate increase. In times of economic gloom and on top of the County's large health insurance premium payment, the Union is not satisfied with maintaining previous relationships but wants an improvement.

The Employer concludes that the Union package of 7.3% is excessive in comparison with CPI changes. A substantial number of County employees have been willing to accept what the County is offering to Local 2046. The Union has not been able to substantiate any case for catch-up.

#### UNION POSITION

Interest of the Public and Inability to Pay. The County has not shown adverse impact on the public or its inability to pay the Union's wage request. The Union has shown that the County's unrestricted fund balance has grown by over 15% (U-23, 24); yet the County maintains it can provide only a 1.7% wage increase to these employees. The County Executive states that Outagamie County concluded the 1982 fiscal year in a sound financial condition and that its excellent product base and the diversity in industry has been a stabilizing factor in this recession (U-22). Outagamie County had one of the lowest unemployment rates of the comparables in January, 1983 and in May, 1983, it had the lowest rate (U-22, U-3).

Comparables. The Union has presented evidence supporting its selection of Brown, Winnebago, Sheboygan, Fond du Lac and Manitowoc as Group A comparables (most similar) to Outagamie County and for reasons of proximity the adjacent counties of Waupaca, Shawano, and Calumet as Group B comparables (U-1, 2, 3).

The Union also uses the City of Appleton as a comparable. Appleton is the Outagamie County seat and the County Courthouse is located in Appleton. Union Exhibit 4 shows that the employees of the City of Appleton are paid considerably more than the employees of the Outagamie County Courthouse in such benchmark positions as Typist II and Deputy Clerk. The County wage offer of 10 cents per hour or 1.7% would increase this inequity since Appleton groups have settled for increases of 4.0% to 4.4%. The Union offer of 4% January 1, 1983 and 2% July 1, 1983 would only slightly reduce the differential.

Union Exhibit 6 shows that similar employees in counties comparable to Outagamie have reached wage increases varying from 5% to 8% in 1983. In those counties awaiting an arbitrator's decision the employees will receive between 4.77% and 5% wage increases even if the arbitrators select the employer's offer in those cases. The Union's request will help to maintain the historic relationships among the counties.

The County relies on its settlement with the Sheriff's Department to support its position that all County employees should receive similar total package increases for 1983. Should the 77 employees of the Sheriff's Department decide the fate of the nearly 1,000 employees of Outagamie County?

The County's use of the wage increase to the unrepresented employees should not be considered as a comparable since those employees have no bargaining rights and they have no recourse but to accept the County's offer. There is no historical precedence for similar wage increases between the Courthouse bargaining unit and the unrepresented employees (U-21).

Four of the five Outagamie County bargaining units are unsettled and are awaiting arbitrators' decisions concerning 1983 wage increases so valid internal comparisons cannot be made now.

Cost of Living. The County presented evidence that the CPI for all cities listed was 6.0% for the 1982 calendar year (E-6B). However, none of the cities listed is located within Outagamie County and therefore the increase in the CPI for this area has not been established.

Concerning the County's argument that health care cost increases are part of the CPI, the Union asks the Arbitrator to note that the Courthouse employees will be paying 37% more to participate in the family health insurance plan in 1983 than they did in 1982 (U-7). Thus, the CPI understates the impact of health care costs on the Courthouse employees.

Overall Compensation. Neither party submitted evidence showing the overall compensation for Outagamie County or the comparable units. However, Union Exhibit 7 shows that Outagamie County pays fewer dollars and a smaller percentage of the family health insurance premium than any other comparable county. Outagamie County pays only 75% of the family health insurance premium compared to 90 to 100% in all the other counties and the City of Appleton. The Union's wage offer is more appropriate so as to help defray the employees' over-participation in the health insurance program.

Other Factors. The County has inappropriately costed increment increases into the total package proposals (E-5). Arbitrator Imes has addressed this issue in a previous MED/ARB decision, "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" (Decision No. 18409-A).

While comparable communities have reached settlements that include raises of 4-8% for wages alone, Outagamie County has offered its employees 5.35% of the 1982 wage cost from which the County has subtracted the negotiated increases in health insurance and pension plan, the costs of step increases and rollups in the employer's contribution to Social Security and pension plan. The remaining 1.7% increase is allocated for general wage increases. Surely the comparable communities had additional costs other than wages for their 1983 compensation packages. All of the comparables except Manitowoc and the City of Appleton have pay ranges necessitating the payment of step increases (U-4). All of the communities increased their health insurance contributions for employees in 1983 (U-7). The rollup costs for 1983 would be higher for comparable communities than the County's offer here since they have granted higher 1983 wage increases.

The County's offer of 10 cents per hour would increase employees' pay by \$208 in 1983 compared to 1982. If the employee is under the family hospitalization plan, he/she would pay an additional \$146.76 in 1983 over the amount paid in 1982 (calculated from U-7). Thus, the 57 employees in the family health plan would have a gross increase in wages of \$61.24 for all of 1983. This cannot be justified in comparison to wage increases in surrounding counties.

The Union concludes that its 4%-2% split increase is justified when considering that the wage increase for similar jobs in the same community and in comparable communities are all between 4% and 8%. The County has not shown that its financial position is such that it cannot even pay one-half of the increase in wages paid by the lowest settlement in a comparable community. The Union has shown that the County is in good financial standing and that its unemployment rate is lower than comparable communities.

#### DISCUSSION

Cost of Living. The Union questions the Employer's use of the All-Cities CPI because none of the cities listed is located within Outagamie County and therefore the increase in the CPI for this area has not been established. The Union has not proposed any alternate index. In the absence of any alternate proposal, the Arbitrator feels that the use of the All-Cities CPI is reasonable. It is commonly used by the parties in interest arbitration cases.

The Employer emphasizes the decrease in the rate of increase of the CPI in late 1982 and in 1983. However, the most pertinent figure is the 6% increase for calendar 1982, the year immediately preceding the 1983 contract. The 1983 increases will be most pertinent for negotiations concerning 1984.

The 6% CPI increase can be compared to the Employer's offer of 4.3% and the Union offer of 7.3%. The Employer offer falls short of the CPI increase by 1.7% and the Union offer exceeds it by 1.3%. The Union has also questioned the inclusion of step increases in the Employer's calculation of its 4.3% increase.

The Arbitrator also notes the Union calculation that the employees in the family health plan would have a gross increase in wages of only \$61.24 for the whole year under the Employer offer (because of increased employee dollars paid for the employee share of health insurance).

While the Arbitrator would have preferred a slightly smaller wage increase than the Union proposes, he finds the Union proposal the more reasonable of the two based on CPI changes.

Internal Comparisons. I agree with the Union that no pattern has yet been established. The Sheriff's Deputies have settled for a package offer similar to what the Employer proposes here but four units, including this one, have not settled. The wage increase for the non-represented employees cannot be given much weight since they have no real alternative to accepting the County's wage offer. The one negotiated settlement does favor the County's position but it cannot be given much weight because of the four unsettled contracts. The fact that four of the bargaining units have gone to mediation-arbitration would seem to indicate that large numbers of employees do not feel that the County's wage offer is reasonable.

Ability to Pay. The County has not contended that it lacks ability to pay, nor has the County disputed the Union's position that Outagamie County is in a sound financial position. The Employer has quoted the increase in unemployment in Wisconsin in 1983 over 1982 but the Union has shown that Outagamie County had one of the lowest 1983 unemployment rates of the comparables.

The Employer's economic data does not support the payment of a wage increase markedly below that provided by the comparables.

On the issue of ability to pay, the Union position is more reasonable.

Comparables--City of Appleton. Union Exhibit 4 shows that City of Appleton employees are paid more than the employees of the Outagamie County Courthouse in the benchmark positions. The Employer's offer of 1.7% in wage increase would widen the inequity since the Appleton city unions have settled for wage increases averaging 4.0% to 4.4%. The Union offer would slightly reduce the differential.

On the basis of the arbitration criterion, "comparison with similarly employed public sector employees in the same community", the Arbitrator finds the Union position more reasonable.

Comparisons with Comparable Communities. The parties have compared their wage offers with wages in comparable counties. While the comparables are not identical, the County does not object to any of the Union's list nor has the Union commented on the Employer's use of Washington County.

The 1983 wage increases shown in the Union comparables show increases ranging from 5% to 8%. However, if the 1983 settlements that were made considerably earlier are eliminated (second-year contracts for Winnebago and Waupaca), the settlements then were 5%, 5%, and 5½%. In those that are in mediation/arbitration, the County offers are 4.77% and 5% and the Union is requesting 5.63% and 5.5% (U-6).

Thus, the Employer's offer here of 1.7% in wage increase is considerably below all of the Union comparables and the Union offer is close to but slightly above the comparables. The Union's 5% wage cost in 1983 is at about the comparable average but the wage left of 6% is higher than the comparables.

The Employer states that his comparables show a 4.3% wage increase over 1982 (Employer Brief, p. 9). The Employer concedes that his comparables show some slippage in rank for Outagamie County positions in 1983 compared to 1982, but contends that this one-year slippage can be attributed to the unusually large health insurance cost increase to the County which necessitated a smaller wage offer.

Leaving aside for the moment the health insurance factor, it is apparent that the Union wage offer of 4%-2% is much closer to both the Employer and the Union comparables than the Employer offer of 1.7%. The Arbitrator finds the Union wage position more reasonable, based on comparisons with other counties.

Overall Compensation-Health Insurance. The Employer contends that its low wage offer for 1983 is justified because of the unusually large increase in the County's dollar contribution to employee health insurance. The Employer comparables (E-22) do show that Outagamie County had the largest premium increase in 1983. However, the \$37 increase in the family plan contribution was nearly matched by Calumet County where the increase was \$33.

Shawano County, one of the Union's comparables, had an even larger increase in the County's family plan contribution, from \$110.75 to \$156.50 (U-7). The Employer's coverage of comparables was also affected by a zero increase for Washington County.

The Arbitrator agrees that health insurance cost increases should be taken into account in economic compensation offers by the Employer, but the County here seems to have given much more weight to the increase than other counties. Calumet County is in mediation/arbitration but it has offered a 5% wage increase in spite of the \$33 rise in its health insurance contribution (E-22 and U-6). Shawano County, with the largest dollar increase in health insurance costs, has tentatively settled for a 5% wage increase (U-6 and U-7). These counties have not used the large health insurance increase as a reason to provide very low wage increases in 1983.

In looking at the health insurance issue also, it is important to see how the 1983 cost to the County compares to other counties and also the proportion that the County pays compared to other counties. On both of these counts, the Arbitrator does not find that Outagamie County has an unusual burden.

In 1983, the Employer dollar payment toward employee family health insurance is \$137 monthly for Outagamie County. This is the lowest of any Union comparable (Union Brief, p. 15 and U-7). It is the second lowest of the Employer comparables (E-22). The Employer did not provide information on the percentage paid by Washington County but for all the other comparables except Outagamie County, the Employer paid from 90% to 100% of the family premium. Outagamie County pays 75%, less than any of the comparables (Union Brief, p. 15 and U-7). The City of Appleton pays 100% of the family plan premium at a monthly cost of \$174.68 (U-7).

Under the Employer comparables, the County's contribution to health insurance ranked 5th highest for the single plan, and lowest for the family plan in 1982. In 1983, the single plan ranked second highest and the family plan was second lowest (E-22).

Overall, on the health insurance issue, the Arbitrator does not find that Outagamie County is bearing such a large cost burden, compared to other counties, as to justify the smallest wage offer of any of the comparables.

#### SUMMARY

The principal strengths of the Employer's case are the fact that there has been one negotiated County settlement at least close to the offer made here and that the County has experienced a large increase in its health insurance costs for 1983.

The weaknesses in the Employer's position are a wage and benefit offer below the 1982 CPI increase, low dollar and percentage total health insurance contributions (especially family plan) compared to the City of Appleton and the comparable counties, some slippage in Outagamie County employee wage rank under the Employer offer, and no strong economic justification for a wage offer so much below the comparables.

The principal weaknesses in the Union position relate to the size of its wage proposal. It is a little above the 1982 CPI increase; the 6% lift in wage rates is a little above the 1983 settlement pattern (leaving out the second year of 1982-83 contracts); and a slightly lower wage proposal would have given some recognition to the Employer's 1983 health insurance cost increase.

The strengths of the Union wage position are that it does meet 1982 CPI increases, that its proposal is closer to that of the City of Appleton and comparable counties than that of the Employer, that there seems to be ability to pay, and that the large health insurance cost increase in 1983 is offset to some extent by the fact that Outagamie County, even with the 1983 increase, pays a lower dollar amount and a lower percentage of family plan health insurance than does the City of Appleton and most of the comparable counties.

The Arbitrator must choose between a Union wage proposal which is slightly high and an Employer wage proposal which is less than one-half of that provided by the City of Appleton and comparable counties. The Arbitrator finds the Union position more reasonable.

On the basis of the statutory criteria and considering the briefs and exhibits of the parties, I find the Union final offer more reasonable than that of the Employer.

#### AWARD

The final offer of Local 2046, along with the agreed stipulations, shall be incorporated into the 1983 contract between Outagamie County and the Outagamie County Courthouse Employees, Local 2046, AFSCME, AFL-CIO.

Gordon Haferbecker  
Gordon Haferbecker, Arbitrator