

DEC 30 1988

VOLUNTARY LABOR ARBITRATION
OPINION AND AWARD

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of Interest Arbitration

between

DOOR COUNTY SOCIAL SERVICES DEPARTMENT

CASE 63

NO. 40393

INT/ARB-4873

and

Decision No. 25427-A

DOOR COUNTY SOCIAL SERVICES DEPARTMENT
EMPLOYEES, LOCAL 1658, AFSCME, AFL-CIO

Appearances

For the Employer:

For the Union:

Clifford B. Buelow, Esq.
Davis & Kuelthau, S.C.
Suite 800
250 East Wisconsin Avenue
Milwaukee, WI 53202-4285

Michael J. Wilson
District Representative
Wisconsin AFSCME Cncl. 40
P.O. Box 370
Manitowoc, WI 54221-0370

Arbitrator

Hearing Held

Steven Briggs
3612 N. Hackett Avenue
Milwaukee, WI 53211

July 14, 1988
Door County Courthouse
138 South 4th Street
Sturgeon Bay, WI 54235

BACKGROUND

The undersigned was notified by a May 19, 1988, letter from the Wisconsin Employment Relations Commission of his selection as Arbitrator in an interest dispute between Door County (the County) and Door County Social Services Department Employees, Local 1658, AFSCME, AFL-CIO (the Union). The dispute concerns wages to be included in a two-year labor agreement for 1988-1989.

Pursuant to statutory responsibilities, the Arbitrator conducted an arbitration hearing on July 14, 1988, during which time both parties were afforded full opportunity to present

evidence and argument in support of their respective positions. Both parties filed timely Posthearing Briefs and Reply Briefs. Based upon a detailed consideration of the record, and relying upon the criteria set forth in Section 111.70(4)(cm)(7), Wisconsin Statutes, the Arbitrator has formulated this Award.

FINAL OFFERS

The County proposes a wage freeze for 1988 and a 2% across-the-board wage increase for 1989. The County's final offer also includes an amendment which would add hourly, biweekly and annual wage rates to the existing salary schedule.

For 1988, the Union proposes a 3% or 25-cent per hour wage increase (whichever is greater), and for 1989, an additional 3% or 26 cents per hour (whichever is greater).

POSITION OF THE PARTIES

County Position

The County's main arguments may be summarized as follows:

1. Door County's geographical isolation and resulting economic independence, plus its scenic beauty and recreational opportunities make comparison with other county social service departments unrealistic. The most relevant comparisons are internal --- between the Social Services Department and other Door County bargaining units. The County has traditionally attempted to maintain some degree of wage parity among its bargaining unit employees, as reflected in the following Table:

Table 1
Door County Bargaining Units
Salary Percentage Increases

Bargaining Unit	1983	1984	1985	1986	1987
Ambulance Svce.	3.25%	3.0%	3.25%	3.36%	5.0%
Highway	3.25%	3.0%	3.25%	3.20%	5.0%
Social Svcs.	3.25%	3.0%	3.25%	3.35%	5.0%
Sheriffs	3.25%	3.0%	3.25%	4.0%	5.0%
Courthouse(1)	--	--	--	--	5.0%

(1) - First contract w/County in 1987.

Wages for 1988/1989 in all of the above bargaining units have yet to be determined in arbitration proceedings. For 1988, the County has proposed no wage increase, except for the Highway Department (2%). That increase was a quid pro quo for asking Highway employees to increase their actual hours worked. The net effect of the trade-off is approximately a 0% increase.

For 1989, the County proposes 2% for each unit except the Ambulance Service, for which it has proposed a wage freeze. Adoption of the Union's offer in the instant case would disrupt the consistency and equity of treatment established across Door County bargaining units over the years.

Given the lack of a truly comparable external labor market and of a pattern of internal settlements for 1988/1989, the Arbitrator should disregard the "comparison" factor and give greater weight to the remaining statutory criteria.

2. In the alternative, the following counties are appropriate comparables:

- Kewaunee
- Oconto
- Langlade
- Shawano
- Waupaca
- Marinette

The County's final offer for 1988 allows social service employees to maintain their ranking relative to social service employees in those comparable counties.

3. The Union's suggested list of comparable counties does not contain size, economic base or relevant human service expenditure data for Brown and Manitowoc Counties. Significantly, Brown County is seven times larger than Door County, and Manitowoc County is three times larger. Thus, both of those counties should not be considered in this proceeding.

4. With regard to the public interest and welfare criterion, the distressed nature of the shipbuilding industry in Sturgeon Bay, the disasterous year Door County cherry growers and processors suffered in 1987 and the increasingly dismal outlook they face in the near future must be given determinative weight. Such conditions call for the fiscal restraint embodied in the County's wage freeze for 1988.

5. Private sector wage settlements in Sturgeon Bay and Door County are far more comparable to the County's final offer than to the final offer submitted by the Union. Bay Ship, for example, has imposed a wage freeze for those non-union and administrative employees fortunate enough to have retained their jobs (2000 employees have been laid off). And its last offer across the bargaining table to four different unions (Boilermakkers, Pipefitters, Carpenters, Electricians) contained an 18% wage cut and substantial reductions in vacation time, premium and overtime pay, and other fringe benefits. Bay Ship is the single largest employer in Door County, and its plight has significant, widespread economic impact.

6. The City of Sturgeon Bay submitted its final offers to police and other city employees nearly two months before Bay Ship announced on March 29, 1988, that it would never build ships again and that a substantial majority of its layoffs would be permanent. In contrast, final offers in the instant case were submitted after the announcement. Thus, City of Sturgeon Bay wage increases should not be used to evaluate the current local economy.

7. The County does not claim an inability to pay. It is simply unwilling to meet what it believes are unrealistic wage demands from the Union.

8. Adoption of the County's final offer is supported by a historical analysis of the Consumer Price Index juxtaposed against settlements entered into by the parties. During the 1986-1987 period, Door County Social Service employees received a total of 8.33% in salary increases. The Non-Metro Urban Areas-North Central States CPI increased only 2.98% during the same period. Such an earnings/cost-of-living differential will cushion (if not offset) the impact of a wage freeze for 1988.

9. Despite the Union's contention, the workload increase of social service employees in Door County has not been

"enormous." The Union's Exhibit B-15 ("Productivity") measures workload units for three full-time income maintenance workers during the first quarter, 1988, when the County was trying to fill a fourth full-time position. The position was filled in February. When this fourth employee is taken into consideration, the workload units per FTE is 546, not the 728 calculated by the Union. The net workload increase compared to the first quarter of 1987 was only about 14%.

10. The County's final offer is clearly the more reasonable and it should be adopted by the Arbitrator.

Union Position

The Union's main arguments are summarized below:

1. The County's "snapshot in time" of the local shipbuilding industry is not a true picture and should not be determinative. Door County has a cyclical employment pattern, and the resulting annualized unemployment rate is thus slightly higher (about 7%) than that in the rest of the state. When the County submitted its final offer the unemployment rate in its jurisdiction was 15%. By mid-July, 1988, it had fallen to 8.8%, and by mid-September to 6.8%. Simultaneously, the state and national unemployment rates had increased incrementally.

2. Changes in the Consumer Price Index clearly support adoption of the Union's final offer. For 1987, the U.S. C.P.I. - rose 4.5%, or one and one-half times the 3% increase the Union seeks for Social Service employees in 1988. Moreover, the absolute cost-of-living in Door County is inflated relative to the rest of the region. Housing costs over the past ten years have surpassed those in any other area, and even as of 1980 they were 25-30% higher than those in non-tourist oriented areas. Because of the enormous dependency of the area on tourist trade, outside-the-home food consumption costs are inordinately high as well.

3. Social Service employees in the County increased their productivity tremendously from the first quarter, 1987, to the first quarter, 1988 (478 workload units per F.T.E. as compared to 728). When such an increase is coupled with the fact that these employees are the lowest paid in the comparable group, it is indeed outrageous that the County seeks to freeze their wages for 1988.

4. The Arbitrator should disregard as hearsay the newspaper articles and videotapes submitted by the County. For the same reasons, he should also disregard the letter from the President of Bay Shipbuilding to senators and congressmen.

5. The County has offered a 2% wage increase to Highway Department employees for 1988, and that case is currently in arbitration. Thus, no matter what the outcome, the Award will more closely approximate the 3% wage increase sought by the Union in the instant case than it will the wage freeze sought by the County.

6. Door County paramedics have settled on contract provisions for 1988 which significantly reduce their hours of work but do not reduce their take home pay.

7. No municipality in Door County has been hit harder by the economic impact of Bay Ship layoffs than the City of Sturgeon Bay. Yet, for 1988-1989 the City of Sturgeon Bay voluntarily settled with its Firefighters for a 2.5% wage increase in the first year and a 2.5% wage increase in the second. And even if the City of Sturgeon Bay wins in arbitration with its Police Department and its Water and Power employees, both groups will receive a 2% wage increase for 1988. Finally, on September 20, 1988, the City of Sturgeon Bay granted significant wage increases for 1988-1989 to numerous non-represented employees.

8. School districts within Door County (Sturgeon Bay, Gibraltar, Southern Door) have voluntarily granted teachers increases of at least 6.2% for 1988-1989. And support personnel in those districts received increases which more closely approximate the 3% sought by the Union here than they do the 0% offered by the County.

9. The following Table lists those counties comparable to Door County and the 1988 wage increases received by their respective social service employees:

Table 2
Comparables Cited By The Union

<u>County</u>	<u>1988 Wage Increase</u>
Kewaunee	2.5%
Brown	2.8 - 3.0%
Manitowoc	3.2%
Oconto	2.5%
Marinette	2.5%

10. Private sector settlements for 1988 range from 0 - 12% and generally favor adoption of the Union's final offer. Bay Ship unilaterally implemented a wage cut after reaching impasse in negotiations. Accordingly, it does not merit the same weight as would a voluntarily settlement.

11. The County has not demonstrated the need to display hourly, biweekly and annual rates in the salary schedule.

OPINION

The following discussion compares the parties' respective final offers against the relevant criteria set forth in Sec. 111.70(4)(cm), Wisconsin Statutes.

The Public Interest and Ability to Pay

The County does not claim it is not financially able to meet the Union's wage demands. It argues instead that the dismal local economy dictates the fiscal restraint embodied in its final offer. Thus, it is not necessary here to evaluate the County's ability to pay.

It is easily seen from the record that the financial well-being of Bay Ship has some effect upon general economic conditions across the County --- or at least across its southern portion. It is also evident that market and climate conditions affecting the local cherry crop have some residual impact upon the County's economic health. But does a downturn in these two industries lead to the inescapable conclusion that a 1988 wage freeze for Door County social service employees is in the public interest? Alternatively, does it necessarily mean that a 3% wage increase is somehow repugnant to the public interest?

It is certainly not in the public interest to undercompensate those people who are integral to the delivery of important social services, nor is it in the public interest to overcompensate them. And the record has not convinced the undersigned that Door County social service employees were either overcompensated or undercompensated prior to the parties submitting their final offers in this case. That is, neither party has persuaded me that the 1987 wage rate was either higher or lower than what economists would call the market equilibrium rate. The focal question with regard to the public interest here is whether either final offer would compensate Door County social service employees at a rate outside the range that market forces suggest is appropriate.

After careful study of the parties' arguments and the evidence they submitted, I am not convinced that the Union's offer would

be repugnant to the public interest. A 3% wage boost for 1988 should not cause so much as a ripple of public outcry if the public understands that such an increase follows a workload/productivity increase of at least 14%. In fact, strictly in terms of the so-called "wage and effort bargain," the Union's final offer actually represents a relative wage decline for County social service employees.

It is likely that certain cherry growers would disagree with the above conclusion. Their perspective on the public interest is shaped by their recent business experiences. The County argues that a 3% wage increase for social service employees could not possibly be in the public interest when cherry growers, not to mention employees and former employees in the shipbuilding industry, are suffering economically.

But the public interest is not monolithic. It is made up of competing special interests. Thus, it cannot be concluded automatically that a wage increase for social service employees is inappropriate because the cherry and shipbuilding industries are facing economic hard times. There are known risks inherent in entering both of those industries. There are known economic advantages as well. In a good year, a cherry producer can earn income which as a percentage of that earned the previous year is beyond the wildest economic dreams of a public social service employee. A similar conclusion can be made about both employers and employees in the shipbuilding industry. When times are good there are virtually no limits on profit potential in private industry. Employers can make literal fortunes, and employees through their unions can ask and generally obtain a significant piece of the larger economic pie. County social service workers do not enjoy such income potential. They know when they enter their profession that as long as they remain in public employment they will be limited to modest wage increases. Now, because of adverse conditions in the cherry and shipbuilding industries, is it in the public interest to freeze the wages of social service employees whose workload has risen at least 14%? I think not.

Comparable Public Employment

Other Counties. The County argues initially that there are no public employment relationships appropriate for comparison in this matter. It characterizes Door County as being so unique economically and geographically that comparison with employment conditions in other counties is meaningless. The Arbitrator does not agree. Local labor markets do not stop at county lines. For example, 291 Bay Ship employees live in Kewaunee County, 136 of them live in Brown County, and 61 of them live in Manitowoc County. Moreover, municipal sector employers and unions generally consider the employment packages

arrived at in nearby municipalities when formulating their bargaining table positions and when forging their own agreements. The Arbitrator will therefore consider them here.

The County points to its comparables list and notes that for 1988 its final offer maintains its social service employees' relative ranking at the minima and maxima for the various job classifications. The undersigned notes, however, that social service departments in five of the six counties on the County's own comparables list received wage increases for 1988, with the smallest being 2.5%. While the County's final offer may keep its own social service employees in the same relative rankings with respect to employees performing similar tasks in those other counties, they are experiencing a relative wage loss within those rankings. That is, if Door County social service employees have no wage increase for 1988 and five of six comparable counties pay at least 2.5% more, the former cannot help but lose ground.

In addition, the record has not persuaded me that the workload for social service employees in those other counties has increased by at least 14%, as is the case with the Door County social service employees. How then can one justify from a neutral perspective the adoption of a 1988 wage freeze for employees who have been at least 14% more productive in 1988 than they were in 1987 when their counterparts in comparable counties had no demonstrated increase in workload and received wage increases of anywhere from 2.5% to 3%?

According to the County, its social service employees have been among the highest paid in its comparables list. I am not convinced from this record that their relative pay should rise even higher. On the other hand, I am convinced from this record that it should not diminish.

Door County School Districts. School teachers do not perform work exactly comparable to that of social service employees. However, their salary treatment for 1988 and 1989 does serve to reflect the general state of the Door County economy. The school boards involved are composed of Door County tax payers, and they are accountable to many of the same constituents as is the Employer in this matter. None of the school districts cited (Sturgeon Bay, Gibraltar and Southern Door) froze wages --- they increased them fairly substantially, as noted in Table 3 on the following page:

Table 3
Door County School District
Wage Increases

District	88-89 Increase	89-90 Increase
Sturgeon Bay	7.1%	7.5%
Gibraltar	6.5%	6.0%
Southern Door	5.9%	n.a.

It is important to recognize that all of the above settlements were reached voluntarily. They reflect only increases for the periods noted, and do not indicate any relative gain or loss in rankings over previous periods. At the very least, however, they tend to underscore the Union's position here that freezing the wages of Door County social service employees for 1988 would be unusual if not absolutely unique.

City of Sturgeon Bay. Sturgeon Bay is the County Seat for Door County and the home of Bay Ship. City elected officials are no doubt intimately familiar with downturn in the shipbuilding industry. Yet the City voluntarily settled with its firefighters for a 1988 salary increase of 2.5% and another for 1989. It is true that firefighters do work entirely different from that done by social service employees. Such a comparison is not the point here. The relevant fact is that in the midst of what the County characterizes as dismal economic conditions the City of Sturgeon Bay granted a 2.5% increase. This fact does little to support a wage freeze for social service employees working in the same county.

The County notes that although the City of Sturgeon Bay included a 2% wage increase in its final offers to Police and Water and Power employees, such final offers were formulated prior to the March 29, 1988, announcement that Bay Ship "... would never build ships again..." (County Reply Brief, p. 18). Presumably, the implication of that argument is that Sturgeon Bay elected officials would have frozen wages had they known about the announcement. Such an argument loses strength and credibility, however, in the face of the September 20, 1988, decision by the City Council to grant 1988 and 1989 salary increases to numerous non-represented personnel. Over the two year period those increases range from a low of 7.8% to as much as 23.9%.

The Internal Comparables

There has been a general internal consistency in wage increases across the County's five bargaining units since 1983, as reflected in Table 1. With all of those units currently in arbitration, however, there are no internal patterns to follow for 1988 and 1989. Even the County's final offers for 1988 do not maintain unblemished consistency. It has offered 2% to highway employees and frozen wages in the other four bargaining units.

The County points out in its Reply Brief that the 2% it offered to highway employees was a "quid pro quo" for its proposal for them to work additional time between May 1st to October 31st. The County's willingness to make that trade off is understandable, but it calls into question why it saw no need to balance a 14% workload increase for its social service employees with a modest salary increase for 1988.

At the very least it can be said that the County offered its highway employees a wage increase under the same economic conditions it offered its social service employees no wage increase at all. And again, both groups may well have worked harder or longer in 1988 than they did in 1987.

On balance, I am not convinced from the County's arguments that the internal comparables justify a wage freeze for social service employees in 1988.

Private Sector Comparables

The Bay Ship situation and cherry industry have already been discussed in the preceding pages. Other private sector employers selected for comparison by the County have generally paid salary increases for 1988. The increases range from a low of 1.5% to a high of 6%. Of those firms granting increases (10 out of 12 listed in County Brief, p. 50), the average is 3.55%. Thus, even using the private sector comparables submitted by the County, a wage freeze for 1988 is not in line with the general trend.

The Cost-of-Living

Estimates of the cost-of-living presented by both parties indicate that it has gone up since 1987. The County feels that a wage freeze for 1988 will be cushioned, however, by what it feels has been about a 5% real wage gain (compared to the C.P.I.) enjoyed by its social service employees since December, 1985. The Arbitrator is not convinced from this record,

however, that it is appropriate to take back from social service employees in a 1988 interest arbitration what their representative negotiated for them in free collective bargaining at some earlier date. The County acknowledges in its Posthearing Brief (p. 57) that the 1985 through 1987 wage settlements with the social service bargaining unit were entered into freely. Its negotiators must certainly have had good reason to do so. Now, when those same employees have a 14% greater workload and no other social service employees in comparable communities have received a wage freeze for 1988, it does not seem consistent with the intent of the statute to freeze theirs.

Overall Compensation

This record does not contain enough information about overall compensation to permit analysis any element of the compensation package except salary.

Changes During Pendency of this Proceeding

Public Works employees in the City of Sturgeon Bay were granted a 2% wage increase for 1988 and the same for 1989 as a result of a November 16, 1988, arbitration award. Police Department employees in Sturgeon Bay were granted like increases for the same years as a result of a November 18, 1988, arbitration award. The salary increases granted to certain non-represented employees by the City of Sturgeon Bay on September 20, 1988, have already been noted.

The above developments were entered into this record at the request of one party or the other. None of them was determinative in and of itself. Generally speaking, though, the fact that none included an across-the-board wage freeze for 1988 was more supportive of the Union's position here than it was of the County's.

Concluding Comments

The parties both expressed numerous arguments of lesser significance which were not summarized in this report. All of them were considered. In the opinion of the Arbitrator, it would not serve the parties or the process to extend this report by the pages it would take to discuss fully all of those arguments.

The bulk of this analysis has focused on the salary increase for 1988. The parties' offers for 1989 are but 1% apart, and there are not enough data yet available to permit a broad and

meaningful economic analysis of their respective merit. Thus, the parties' offers for 1988 were given the greater weight.

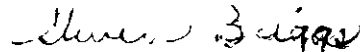
The County's inclusion of hourly, biweekly and annual rates in its final offer was not of sufficient consequence to influence the outcome of this proceeding.

On balance, the Arbitrator is convinced from a detailed study of the record that the Union's final offer is the more reasonable.

AWARD

The Union's final offer shall be incorporated into the parties' 1988-1989 collective bargaining agreement, along with all of the provisions of the previous agreement which remain unchanged and along with the stipulated changes agreed to by the parties.

Signed by me at Milwaukee, Wisconsin, this 23rd day of December, 1988.



Steven Briggs