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STATE OF WISCONSIN
BEFORE THE ARBITRATOR

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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of the Petition of

CITY OF PRAIRIE DU CHIEN
EMPLOYEES, LOCAL 1972-B,
AFSCME, AFL-CIO

To Initiate Arbitration
Between Said Petitioner and

CITY OF PRAIRIE DU CHIEN

Case 39
No. 40150
INT/ARB-4796
Decision No. 25592-A

APPEARANCES

Daniel R Pfeifer on behalf of the Union
Thomas F. Peterson, Esq. on behalf of the City

On August 29, 1988 the Wisconsin Employment Relations Commission appointed the undersigned Arbitrator pursuant to Section 111.70(4)(cm) 6 and 7 of the Municipal Employment Relations Act in the dispute existing between the above named parties. Pursuant to statutory responsibilities the undersigned conducted an arbitration hearing on October 21, 1988 in Prairie du Chien, Wisconsin during the course of which the parties presented evidence and arguments in support of their respective positions. Post hearing briefs were filed by the parties by November 4, 1988. Based upon a review of the foregoing record, and utilizing the criteria set forth in Section 111.70(4)(cm) Wis Stats., the undersigned renders the following arbitration award

ISSUES:

This dispute involves the terms of the parties' 1988-1989 collective bargaining agreement. The City proposes a 3% wage increase in each of those two years. The Union proposes a 25 cents per hour increase for all employees in 1988 and no wage increase in 1989. The City proposes a \$275 a month cap on City contributions toward health insurance which would apply during both years of the agreement, while the Union proposes continuation of the status quo, or full payment of health insurance premiums by the City. The City proposes continuation of its current private pension plan, which is fully paid for by the City, while the Union proposes changing

to the Wisconsin Retirement Fund (WRF) effective January 1, 1989, with the City making a 100% contribution and employees being given 100% credit for prior service.. Lastly, the Union proposes placing in the Agreement a proviso setting forth a \$50 cap on the City's payment for safety shoes.

UNION POSITION:

The parties agree that the difference in their wage proposal for 1988 is insignificant. The costs of the City's 1989 wage proposal, including roll-ups is approximately 3.5%, which is relatively close to the cost to the City of transferring to the WRF in 1989--3.7%.

There is uncontested evidence in the record that the benefit levels of the WRF are substantially higher than the City's current retirement plan. Based upon the fact that a majority of the City's comparables utilize the WRF plan, and the fact that its cost is comparable to the City's second year wage offer, the Union has met its burden of justifying changing the status quo in this regard, particularly in light of the fact that the Union is proposing buying the WRF plan by proposing a wage freeze for 1989.

On the health insurance issue, in contrast to the Union's final offer regarding retirement, the City is not making an offer to buy out the status quo. Furthermore, the City's proposed change is extremely unfair in that under the status quo the City pays for all increases in premiums, while under its final offer, the employees must pay for all increases in premiums. The City's offer thus contains no sharing in the costs of increases in health insurance premiums in the future.

If the City prevails, employee contributions toward health insurance would reduce the value of the City's proposed wage increase to 1.36%. In 1989, the effective value of the City's proposed wage increase would be minus 17%.

Furthermore, a majority of the City's comparables contribute 100% toward health insurance, thus lending further support to the Union's position herein.

Most importantly, the settlement the City reached with its Police force strongly supports the Union's position herein. That settlement included two 3% wage increases in 1988 and 1989, an additional \$50/ year uniform allowance, and continuation of the City's 100% contribution toward health insurance premiums. It is important to note in this regard that the City's police are already in the WRF program.

Lastly, the Union has proposed a City contribution toward the purchase of safety shoes which is in accord with the City's current practice in the Sewer Department.

CITY POSITION.

The overall compensation received by the employees involved herein is second to none when compared to the communities that were used by both parties for comparison purposes. Furthermore, stability in employment in the unit has been almost 100%.

The WRF Program and the City's retirement program are substantially equivalent, as far as benefits are concerned, during an employees first fifteen years of service, with the exception of relatively minor benefits which could be purchased by employees on an individual basis. Furthermore, the record does not demonstrate how much better benefits would be under WRF for employees with more than 15 years service. Under such circumstances, it is not reasonable to require the City to forfeit in excess of \$7000, which is the amount that would be lost if the transfer to WRF were awarded pursuant to this proceeding.

The City has experienced substantial double digit increases in the cost of its health insurance. Presently the City provides its employees with two choices of health insurance, specifically, Blue Cross Blue Shield and HMO of Wisconsin. The difference between these two policies is the employee's choice of physician or health care facility at the initial stage. If employees choose to utilize the HMO plan, the City's proposal will still afford said employees full health insurance coverage at no cost to the employee.

DISCUSSION.

Based upon the totality of the evidence presented herein, the Union's final offer is somewhat more reasonable (or more accurately, less unreasonable) than the City's. This conclusion is based upon the following considerations.

Assuming there were no change in enrollment in health insurance plans by current employees, the value of the City's first year offer to employees would be less than two percent, while the value of the Union's proposal would be slightly over three percent, a figure substantially below relevant cost of living increases. While the undersigned concedes that the City's concern with spiraling health insurance costs is legitimate and important, absent very unusual circumstances, it cannot reasonably expect employees to increase their responsibility for bearing a percentage of such costs at the

same time they are asked to accept a wage proposal which would result in a loss of real income when viewed in the context of increases in their cost of living.

Again in the second year of the agreement, under the City's proposal the increases employees would receive would not only result in a loss of real income, but it would result in a loss of actual dollars for those employees who chose to remain with the Blue Cross Blue Shield Plan. In this regard while the undersigned is sympathetic with the City's concerns and goals, when making such significant changes in benefits, absent a demonstration of unusual employer hardship, employees should not be expected to pick up at least a portion of increased health insurance costs in a fashion which will result in a loss of real income and actual dollars, as would be the case under the City's proposal herein.

Although the value of the Union's second year offer would appear to be somewhat excessive when the costs of transferring to the WRF Program and increased health insurance costs are added together, the City's settlement with its police force and settlements in comparable communities support a finding that the Union's total final offer in the second year of the agreement is more comparable than the City's.

Relatedly, though the change to the WRF Program is of substantial magnitude, in the undersigned's opinion, the Union's willingness to forego a wage increase in 1989 constitutes a fairly equitable quid pro quo for said change. Though equity would further justify a phasing in of a program calling for some employee contributions toward at least the Blue Cross Blue Shield Program in 1989 in exchange for implementing the WRF Program, the undersigned clearly does not have the authority to award such a compromise.

Based upon the foregoing considerations, the undersigned hereby renders the following:

ARBITRATION AWARD

The Union's final offer shall be incorporated into the parties' 1988-89 collective bargaining agreement.

Dated this 8th day of November, 1988 at Madison, Wisconsin.

Byron Yaffe
Byron Yaffe
Arbitrator