EDWARD B. KRINSKY, ARBITRATOR

In the Matter of the Petition of	:	
GILLETT SCHOOL DISTRICT	:	Case 21 No. 42691
To Initiate Arbitration Between Said Petitioner and	:	INT/ARB-5357 Decision No. 26301-A
GILLETT COUNCIL OF AUXILIARY PERSONNEL	:	

Appearances:
Mr. Clifford Gerbers, Negotiator, for the District.
Mr. Charles S. Garnier, WEAC Coordinator, for the Council.

On March 5, 1990, the Wisconsin Employment Relations Commission appointed the undersigned ". . . to issue a final and binding award, pursuant to Sec. 111.70(4)(cm)6. and 7. of the Municipal Employment Relations Act, to resolve said impasse by selecting either the total final offer of the . . . District or the . . . Council . . ."

A hearing was held at Gillett, Wisconsin, on May 7, 1990. No transcript of the proceedings was made. At the hearing the parties had the opportunity to present evidence, testimony and arguments. The record was completed with the exchange by the arbitrator of the parties' post-hearing briefs on June 19, 1990.

There are three unresolved issues: wages, insurance and vacations. The Council's final offer maintains the status quo with respect to insurance and vacation. It offers to increase wages by 28 cents per hour for 1989-90 and 30 cents for 1990-91.

The District's wage offer is an increase of 40 cents per hour in each of the two years. In addition, it offers to add a day of vacation beginning with the 16th year of employment, until the 20th year when such employee will receive four weeks of vacation. With respect to insurance, the District offers to contribute 95% of the premiums in 1989-90 and 90% in 1990-91. (At present it pays 100%.)

It is clear from the parties' presentations that they regard insurance as the key issue. The District offered greater wage and vacation benefits in order to gain the Council's acceptance of the insurance changes, but was unsuccessful in that regard.

In making his decision the arbitrator is required to weigh the statutory factors. There is no dispute with respect to several of them: (a) the lawful authority of the District; (b) stipulations of the parties; that portion of (c) dealing with the financial ability of the District to meet the costs of the proposed settlement, and (i) changes in circumstances during the arbitration.

Factor (c) includes the "interests and welfare of the public." The District's offer is motivated by its desire to address the escalating costs of health insurance. It offers to save some of these costs by proposing that the employees share the costs of the premiums, and it hopes that such cost sharing will reduce unnecessary utilization of health services by employees, thereby affecting future health insurance rates. It argues that cost containment measures are especially needed in the District, which is largely rural and agricultural, and where farmers' incomes have been seriously affected by two years of drought. The District points also to a relatively high unemployment rate and relatively low weekly wages in the area compared to other parts of the state, and points to the fact that the District's employees are already paid considerably more than personnel in the area doing comparable jobs in the private sector.

The District's cost increase figures show that its offer for 1989-90 costs more additional dollars than does the Council's ($17,818 vs. $15,572) and the same is true also for 1990-91 ($18,724 vs. $17,906). With its higher cost offer, caused by its higher wage offer, the District is not persuasive in arguing that its final offer should be supported in the interests and welfare of the public during the 1988-89, 1989-90 term of the proposed Agreement. By proposing to reduce its contribution to 90% of premiums by 1991, the District hopes to realize future savings, especially if insurance premiums continue to escalate at a rapid rate. The amount of such savings is speculative, however, as is the level of wages and other benefits that employees will demand in attempting to compensate for their increased costs of insurance. The arbitrator views his role as looking at the interests and welfare of the public over the term of the proposed agreement. He does not view this factor as weighing in favor of either party's offer.

Factors (d), (e) and (f) pertain to comparisons of wages, hours and conditions of employment with: (d) "other employees performing similar services," (e) "other employees generally in public employment in the same community and in comparable communities," and (f) "other employees in private employment in the same community and in comparable communities."

There is only one other group of employees referred to by the parties which is employed by the District; namely, teachers. The District argues that because of their different functions and responsibilities, teachers are not a relevant group for

comparison purposes. The arbitrator agrees with that position insofar as salary is concerned. However, the record shows that for many years the teachers and the Council-represented employees have received the same insurance benefits. Moreover, this has not been by chance. Since at least 1982, the Agreement has contained language in the Insurance article which states, "The rest of the language will be the same as that agreed to with the Gillett Education Association."

The teachers' agreement, which runs through June 30, 1990, provides for full payment of insurance by the District. There was no evidence presented by the District of any past or current efforts on its part to change these arrangements.

The parties agree that the most relevant external comparisons in the public sector are with support personnel in the districts of the M & O Athletic Conference to which the District belongs: Coleman, Crivitz, Lena, Niagara, Peshtigo, Suring and Wausaukee.

With respect to the health insurance issue, six of these districts in 1988-89 paid the full cost of insurance premiums for their full-time support employees. Peshtigo paid 80% of the premiums. In 1989-90, five of these districts paid the full insurance for full-time employees. Peshtigo paid 80%, and Crivitz paid just under 80%.

These comparisons make it clear that the Council's final offer is supported with respect to treatment of full-time personnel by the comparison districts.

The District points correctly to the fact that except for Lena, which pays full cost for any of its part-time employees who work twelve months, it is the only one of the Conference districts which pays full insurance premiums for part-time employees. These data would thus support an offer by the District to pay part-time benefits for part-time personnel, but that is not all that its offer does. The offer goes beyond that by taking away full-time benefits now paid to full-time personnel. The comparables do not support the District in its efforts to change the status quo in this manner.

The analysis is the same with respect to payment of dental insurance premiums. The details are not provided here, for the sake of brevity.

With respect to wage comparisons with the M & O Conference, the arbitrator is persuaded that the District's wages are below the median wage paid by the other Conference districts for two of the classifications which are common to all of the districts (custodian and secretary) and slightly above the median for another classification (cook), using the maximum rates of the

classifications for comparisons. The District's offer for 1989-90 is more than 50 cents below the median of the highest rated custodian classification, and more than 70 cents below the median of the highest rated secretary classification.

As the higher of the two wage offers, the District's offer closes the wage gap somewhat more than does the Council's and thus is preferred. It should be noted, however, that there is no argument made by the District that there is a need for "catch-up pay" to restore the District to a more competitive position. Thus, while the District's wage offer closes the gap with the other Conference districts, there is no showing of a compelling reason for doing so.

In percentage terms, the District's wage offer for 1989-90 of 5.49% is the second highest offered in the Conference, and its 4.94% offer for 1990-91 is higher than the increase given to employees in the two other districts which have settled their contracts.

The District presents data for Oconto County showing that the wage increases given to the three bargaining units which have settled their contracts are 3.5% in 1989 and 3.5% in 1990.

There is no question here about the reasonableness of the District's wage offer. It is a generous one in terms of the comparisons, and is more than the Council is seeking. The Council prefers to have lower wage increases and maintain the insurance arrangements.

The District shows also, with respect to insurance benefits in other public jurisdictions, that CESA #8 pays 100% of single coverage and 80% of family coverage for full-time employees. Payments to part-time employees are pro-rated. Oconto County pays 90% of health insurance premiums, 100% of single dental premiums, and 50% of family dental premiums.

The District also cites various national surveys of benefits paid by private sector employers. It is clear that between half and three-quarters of private employers require contributions by employees to premium costs.

The District also provided data for four local employers (one unionized and three non-unionized). All of these employers require cost-sharing of premiums. In terms of percentage wage increases, the District's offers for 1989-90 and 1990-91 are higher than these employers gave in 1989 and 1990.

The District argues, as already noted, that it has a need to reduce insurance costs. The record shows that for the M & O Conference, the median health insurance premium rose by 32% from 1988 to 1989. The District's increase was 20.34% The median family insurance premium was $284.49. The District's premium was $274.22.

The arbitrator does not minimize $274 rates or 20% rate increases. These figures demonstrate, however, that the District is better off than the comparison districts, and they do not provide compelling justification for the District to take measures to reduce fully paid insurance benefits to full-time employees when the other Conference districts have not done so.

With respect to the vacation issue, the Conference comparisons favor the District's offer. Four of the five districts which have a 4th week of vacation provide it for the same or fewer years of service than the District is proposing. The proposed increase in vacation was first proposed in bargaining by the Council, which later dropped it in making its final offer.

Factor (g) which the arbitrator must consider is the cost of living increase. The District's total package offer for 1989-90 is 6.10% and is 6.04% for 1990-91. The Council's package if 5.33% and 5.82%. The District presented Consumer Price Index data for non-metropolitan urban areas for wage earners and clerical workers. It showed that between February, 1988 and February, 1989, the index rose 4.17%, and from February, 1989 to February, 1990, it rose 4.27%.

Both final offers exceed the change in the cost of living. The Council's, as the one closer to the increase, and the lower of the two offers is preferred.

Factor (h) is the overall compensation received by the employees of the District. There is very little difference between the value of the total compensation that employees will receive under either final offer, and the arbitrator does not view this as a determining factor. The District emphasizes the reasonableness of its final offer in terms of reducing its too high insurance benefits for part-time employees. As an example, it states in its brief, "Due to the reduced number of hours worked annually by the servers and cooks . . . the hourly cost of insurance benefits is practically equal to their hourly wage." As noted above, the arbitrator sees the merits of the District's desire to reduce its insurance benefits for part-time employees. In fact, in their most recent agreement, the parties agreed to pro-rate benefits for new part-time employees. The problem is not with the goal, but with the means of accomplishing it by taking benefits from full-time employees without adequate justification for doing so.

Lastly, the arbitrator must consider factor (j), ". . . such other factors . . . which are normally or traditionally taken into consideration in . . . voluntary collective bargaining (or) . . . arbitration . . ."

The District argues that ". . . The Union has resolutely resisted any and all approaches from the Board to consider the overall issue of health insurance . . . (It) . . . has been

totally unwilling to enter into discussions which would yield any cost containment relating to the health insurance plan . . . At no time has the Union evinced any willingness to enter in-depth discussion as potential solutions to the 50% rise in insurance premiums since 1986-87 even though the issue has been repeatedly raised by the Board."

Such assertions, if proven, could weigh in the District's favor. However, in this proceeding there were no witnesses called by the District to make and/or support such assertions. There were no bargaining proposals introduced, or records of negotiation sessions which support the assertion that the Board has tried time and again to address insurance costs, only to be met with intransigence by the Council. The arbitrator cannot support the District's position based on unproven assertions about the Council's bargaining stance.

The Council recognizes that arbitrators have, at times, been willing to rule in favor of final offers where the party seeking the change has offered a quid pro quo for the change. The Council provides exhibits to show that the District's offer is not a buy-out when viewed in terms of employees' after-tax purchasing power. The District's offer does cost more, but it provides little real benefit to the employees, according to the Council. Whether it would have been reasonable for the Council to resist any proposed buy-out of fully paid insurance benefits is speculative, but the Council should not be faulted for resisting this one, it argues.

In its brief the District demonstrates that its proposed wage increases more than offset the money that employees will have to pay for insurance. The District's examples do not take account of tax consequences, however.

The arbitrator must select one final offer or the other in its entirety. It is clear in this dispute that the insurance issue is key, and that the higher wages and vacation were offered by the District as an inducement to the Council, and to the arbitrator, to accept the District's insurance offer.

The arbitrator is not persuaded that the District's wage and vacation offer is an adequate quid pro quo for its insurance offer. The Council's position on insurance is supported by the internal comparables, and by the most relevant external comparables. While there is support in the comparables for the District's desire to reduce insurance payments for part-time personnel, it does not have justification to do so for full-time personnel. When these considerations are added to the fact that the District is not worse off than other Conference districts with respect to its insurance premiums or their rate of increase, and that the cost of the Council's two-year package is lower than the District's, the arbitrator views the Council's offer as the

preferable one. There is a need for the parties to work together to reduce insurance costs, but the arbitrator cannot support the District's proposal to do so in this case.

Based upon the above facts and discussion, the arbitrator makes the following

AWARD

The final offer of the Gillett Council of Auxiliary Personnel is selected.

Dated at Madison, Wisconsin, this 18th day of July, 1990.

Edward B. Krinsky
Arbitrator