STATE OF WISCONSIN

Before the Interest Arbitrator

In the Matter of the Petition of Beloit City Employees Local 643, AFSCME, AFL-CIO For Final and Binding Arbitration Involving Personnel in the Employ of City of Beloit	Case 102 No. 45170 INT/ARB-5909 Decision No. 27009-B

APPEARANCES

For the Union:

Thomas E. Larsen, Staff Representative

For the Board:

Bruce K. Patterson, Employer Relations Consultant

PROCEEDINGS

On January 7, 1992 the undersigned was appointed Arbitrator by the Wisconsin Employment Relations Commission pursuant to Section 111.70 (4)(cm)6. and 7 of the Municipal Employment Relations Act, to resolve an impasse existing between Beloit City

Employees, Local 643, AFSCME, AFL-CIO, hereinafter referred to as the Union, and the City of Beloit, hereinafter referred to as the Employer.

The hearing was held on February 26, 1992, Beloit, Wisconsin. The Parties did not request mediation services. At this hearing the Parties were afforded an opportunity to present oral and written evidence, to examine and cross-examine witnesses and to make such arguments as were deemed pertinent. The Parties stipulated that all provisions of the applicable statutes had been complied with and that the matter was properly before the Arbitrator. Briefs were filed in this case and the record was closed on May 28, 1992 subsequent to receiving the final briefs.

ISSUE

The following represents the issues in this case:

1. Except for the tentative agreements of the Parties, all other provisions of the Collective Bargaining Agreement, as currently constituted.

2. The contract would provide for a duration of two years which would include January 1, 1991 through December 31, 1992.

3. The Union proposes an across-the-board wage increase of 5% effective 1/1/91 and 5% effective 1/1/92.

4. The City proposes an across-the-board wage increase of 4% effective 1/1/91 and 4% effective 1/1/92.

BACKGROUND FACTS

This is a wages only dispute. All other issues between the Parties have been settled and, therefore, the Arbitrator will review the arguments and data of both sides and issue an opinion based on the statutory criteria.

UNION POSITION

The external comparables favor the Union's position in this matter. Four of the comparables have settled for 5% increases or more. Two have settled for 4%, and one, Rock County, has settled for 4 1/2%. There is little impact on this community by the Arbitrator choosing the Union's offer. The tax levy has risen only 2% over the last five years and has actually been lowered during the last two years. There is less than $40,000 total difference over the two year period between the City's and Union's offers. The Union argued that internal settlements are

not appropriate for the Arbitrator to consider since they bargain under different statutes and cover a different period of time than does this matter. The Union noted the police unit has not settled for 1992 and the record does not show what other provisions may have been included in the Police and Fire settlement. The other City bargaining unit which bargains during this same period has also not settled. The Union argued that the cost of living also favors the Union's position since it has increased at an annual rate of 6.1%. Therefore, it is the Union's offer that is the more reasonable, and the Union asked that its offer be selected by the Arbitrator.

CITY POSITION

The comparables have been agreed to in this matter. The citizens of Beloit are making a strong tax effort with limited resources. With respect to the comparables, Beloit has 69% of the average population and 48% of the average valuation. Beloit is experiencing the slowest growth among the comparables and yet has the second highest tax rate. Beloit also has the lowest per capita valuation and, when all of this is taken into account, the City's wage offer is more than generous and very close to the Union's proposal. The City's 1991 offer is consistent with the comparable pattern and the City argued that 1992 is not determined. In addition, its longevity pay is competitive. When

the Arbitrator considers the total package including the City's fully paid benefits, this strongly favors the City's offer. If the Arbitrator chooses the City's proposal, its relative rank remains the same. The City noted that it was due to voluntary settlements that this ranking was achieved.

The City's offer is also internally consistent as it compares favorably with the Police and Fire settlements. The City argued that the Arbitrator should consider that internal wage settlement pattern. The City's offer is also consistent with the cost of living. Given a 3.1% figure for 1991, the City's proposal would provide an 8.16% salary lift over the two year period and is more consistent with the growth and living costs. The City should not be penalized for its frugal management of the City's resources, and it is the City's offer that is more reasonable and should be accepted.

DISCUSSION AND OPINION

This case revolves around three of the statutory criteria.

1. The interest and welfare of the public and the financial ability of government to meet the cost of any proposed settlement.

2. Internal and external comparables.

3. Cost of living.

More often than not, these cases involve very difficult and close decisions with each side bringing forward substantial numbers of arguments and data which support their respective positions. This is just such a case. The Arbitrator must determine relative weights of the information provided and then determine which offer more closely meets the statutory criteria cited above.

The City made strong arguments regarding the interest and welfare of the public and provided a substantial amount of data which showed that the citizens of this community are making a strong tax effort with limited resources. The Union countered that the tax levy has risen a relatively modest amount over the last five years and, in fact, has been lowered over the last two years. The Union also argued that there is a relatively modest dollar impact on the City when comparing the total cost of the Union's offer for the two year period with the City's offer. The Arbitrator notes, however, that this is the first in a series of interest arbitrations involving this community, and this decision may impact on those interest arbitrations. After reviewing all of the information provided with respect to this criteria, the Arbitrator has determined that the City's position is somewhat favored.

With respect to the cost of living data, cost of living considerations are difficult for arbitrators because of the relatively volatile nature of the index. Many arbitrators have determined that the comparables take into account cost of living considerations and, therefore, need not be considered separately. This is a criteria which both sides have argued historically based on its level in comparison to the wages offered. Obviously, in this period of moderate inflationary pressures, it is the Employer who most often argues cost of living considerations. It is interesting to note in this case that both sides have argued that the cost of living criteria favor their positions and indeed the Arbitrator has found that the cost of living criteria would be appropriate to either side's proposal and, therefore, finds that the cost of living criteria does not substantially favor either side's position.

We are then left with the internal and external comparables. Regarding the external comparables, after reviewing all of data, the Arbitrator finds that, based on percentages, dollar impacts and relatively rankings, it is the Union's position that is favored with respect to the 1991 data. This is true even when the cost of insurance is factored in. With respect to 1992 data, there are only two settlements with which to compare but they generally favor the Union's position.

Regarding the internal comparables, the Police and Fire Departments have each settled for a 4% increase for 1991. The Fire Department has settled for a 4% increase for 1992, and the police have not settled for 1992. The Union vigorously argued that these internal settlements were not directly comparable since they bargain under different provisions of the statutes and the settlements cover a different period of time. The City argued that these settlements are appropriate for the Arbitrator to consider since there has been a pattern of internally consistent settlements over the years. It is the City's position that, where such a pattern has existed, the burden then rests with the Union to show that the wage rates of the bargaining unit are too far out of line with respect to external comparables. The question before the Arbitrator is, "Does the two year Fire Department settlement and one year Police Department settlement constitute a pattern which could affect the outcome of this case?" The Arbitrator finds that the City had established a historical pattern between bargaining units. The question is, "Has a pattern been established for the 1991-1992 bargaining years?" The City has been consistent in its settlements and its offers. However, because of the dissimilarity of the positions and the fact that only a partial pattern has been established for years in question, the Arbitrator finds that, while internal comparables are perfectly appropriate for the Arbitrator to give substantial weight to in cases such as this, there is not enough

of a pattern established in order to be determinative in this case.

We are then left with two factors - the impact on the taxpayers and the external comparables. This is an extremely close decision. The Arbitrator finds that, although the impact on the taxpayers would be negative and the Arbitrator is sympathetic with the limited resources that the City has available to it, the external comparables which have been agreed to by the Parties favor the Union's position to the point where its proposal becomes the most reasonable of the two. The Arbitrator has concluded that the Union's proposal more nearly conforms to the statutory criteria, and it is the Union's position which will prevail in this case.

AWARD

On the basis of the foregoing and the record as a whole and after full consideration of each of the statutory criteria, the undersigned has concluded that the final offer of the Union is the more reasonable proposal before the Arbitrator and directs that it, along with the predecessor agreement as modified by the stipulations reached in bargaining, constitutes the January 1, 1991 through December 31, 1992 agreement between the Parties.

Signed at Oconomowoc, Wisconsin this 15th day of July,1992.

Raymond E. McAlpin, Arbitrator