STATE OF WISCONSIN

BEFORE THE ARBITRATOR

In the Matter of the Petition of TEAMSTERS UNION LOCAL NO. 695 To Initiate Arbitration Between Said Petitioner and SAUK COUNTY (COURTHOUSE)	Case 106 No. 48424 INT/ARB-6696 Decision No. 27680-A

Appearances:

Teamsters Union Local No. 695 by Previant, Goldberg, et al., by Marianne G. Robbins and Rossandra L. Cody.
Sauk County by Eugene R. Dumas, Corporation Counsel.

ARBITRATION AWARD

Teamsters Union Local No. 695 (Union) is the collective bargaining representative of employees of the Sauk County Courthouse, Department of Human Service and clerical employees of the Sauk County Highway Department, excluding supervisory, professional, confidential and craft employees, and law enforcement employees. The Union and Sauk County have been unable to agree to the terms to be included in the successor to their contract which expired on December 31, 1992. The Union filed a petition requesting that the Wisconsin Employment Relations Commission initiate Arbitration pursuant to Sec. 111.70(4)(CM)6 of the Municipal Employment Relations Act on December 7, 1992. After a representative of the Commission

conducted an investigation the parties submitted their final offers. On June 3, 1993, the investigator certified the deadlock. The undersigned was appointed to act as the arbitrator by an order from the Commission dated July 6, 1993. The arbitration hearing was conducted at the Sauk County Courthouse on October 14, 1993. The hearing record was closed at the conclusion of the hearing, except for the filing of two delayed exhibits. Those exhibits, relating to 1991 and 1992 CPI data filed by the Union and a corrected cost analysis for the County's offer, were received on October 19, 1993. Initial briefs were exchanged through the arbitrator on November 29; reply briefs were exchanged on December 14, 1993.

ISSUES IN DISPUTE

Differences in the parties' wage offers, proposals for health insurance coverage and the level of employee contributions toward health benefits are principal areas of disagreement.

The parties previously agreed upon the need for a job analysis study and cooperated to permit that study to be conducted. That study resulted in the issuance of a job analysis report which included recommended wage adjustments. The report was issued in June, 1990. The Employer's first year offer would increase wages for all employees with wages below recommended wage rates by up to 6.5% or up to their recommended rate; it would then grant all employees a 3% first year increase. During the second year, the Employer would first increase all employees who remain below the recommended rates up to their recommended rate; it would then grant all employees a 3% second year wage

increase. The Union proposed a 3% across the board increase for all employees during the first year; in addition, all employees who are below recommended rates would receive an additional 3% increase on July 1, 1993. During the second year the Union would increase wages by 4% across the board with two exceptions. Those exceptions would either reduce the increase to 3.5% for employees who would exceed the rates recommended in the study or grant an additional 3% increase on July 1, 1994 to those employees whose wages remained below rates recommended by the study.

It is difficult to summarize the cost difference in these two wage only proposals, because the agreed upon costing summary purports to break the wage offers into two parts. One part is for wage increases and one part for job analysis adjustments. The cost summary reports the wage only differences as follows: County first year increase 3.28% plus .67% for job analysis adjustment; Union first year increase 3.28% plus .20% for job analysis adjustment; County second year increase 3.06% plus .58% for job analysis adjustment; Union second year increase 4.08% plus .08% for job analysis adjustment.

The Union offer would extend existing contract language relating to health insurance. Those provisions provide for the WPS-HIP Plan and HMO of Wisconsin as dual choice options to a standard plan. The Union would continue the Employer's existing responsibility for premium payments at 93% of the least expensive of any dual choice option offered which is as good as present coverage. The Employer proposes to change the dual choice plans

to include WCA Group Health Trust, and Dean Care HMO. It would discontinue WPS-HIP, but continue to offer HMO of Wisconsin. The Employer's offer would reduce its contribution "to 90% of the least expensive of any dual choice option offered which is as good as present coverage".

Other differences in the party's offers relate to eligibility for longevity payments for employees who terminate their employment during the year, increases for mileage reimbursement during the contract period and the deduction of union dues from the wages of employees who terminate their employment during the hiatus between contracts. Neither party has suggested that these latter differences are major obstacles to an agreement.

THE UNION'S POSITION

The Union noted that the Employer did not suggest any other community for comparable comparisons. It argued that this failure "is in direct opposition to the large body of arbitral precedent which establishes that external comparisons to employees performing similar duties in comparable communities is the most important of the statutory criteria". It cited two prior arbitration decisions in which arbitrators recognized the significance of comparing the wages, hours and conditions of employment of employees involved in arbitration proceedings with wages and benefits received by other employees performing similar services. In those cases, arbitrators Vernon and Petrie had noted that arbitrators in Wisconsin generally find intra-industry

comparisons to be the most persuasive single factor in deciding what other parties in similar circumstances should have agreed to.

The Union said that five counties which are contiguous to Sauk County constitute appropriate comparables in this proceeding. The Union argued that the population bases in the counties of Columbia (45,823), Vernon (25,861), Juneau (21,650), Richland (17,578) and Iowa (20,150) are similar to Sauk's 46,975 residents. It cited 1983, 1984 and 1985 arbitration awards involving Sauk County's Sheriff's Department, Highway Department, Health Care Center and County Employees to support the assertion that, "Columbia County has historically been used as an external comparable by arbitrators". It argued that the other four proposed comparables are also appropriate because "they compete for employees within the same labor market and experience similar economic conditions."

The Union argued that its health insurance offer is the more reasonable. It said that external comparables support the Employer's continuing to contribute 93% toward the cost of health insurance premiums; because it has lower health insurance costs than most comparables. During 1993, Sauk County's $132.14 payment for single coverage is less than any comparable payment. The comparables' payments for single coverage range from $151.00 in Juneau County to $189.28 in Columbia County. Sauk County's 1993 payment of $356.79 toward family coverage is less than

payments of: $471.93 in Richland, $454.55 in Columbia, $404.00 in Iowa and $401.00 in Juneau County.

The Union said that its health insurance offer is supported by internal comparisons because the Employer is presently paying 93% of premium costs for employees in three unsettled units. It said that, though the County's offer to pay 90% of health insurance premiums for all units is consistent, only the Sheriff's Department has accepted that offer. The Union argued that law enforcement personnel received a large longevity pay increase as quid pro quo for increased health insurance contributions. That offer has not been extended to these employees. The Union said that the County has unsuccessfully attempted to increase employee contributions for health insurance to 10% through arbitration proceedings since 1983.

The Union reviewed a series of four previous arbitration decisions involving other Sauk County units during the period 1983-1985. In a 1983 case Arbitrator Krinsky found that, "The County has demonstrated that (health) costs have risen significantly, but it has not persuaded the arbitrator that there should be a significant change in the way these costs are allocated between the county and the employees." Later that year the same arbitrator "rejected the County's offer because the percentage of employee contribution proposed by the County was unjustifiably disproportionate to the percentage increase in insurance rates." In 1984 Arbitrator Kerkman found that Sauk County's health insurance offer would result in an unwarranted

decrease in wages for Sauk County Health Care employees. In 1985 Arbitrator Rice made a similar finding and said:

> The Employer has offered no evidence or arguments that would justify this Arbitrator in reversing the Kerkman Award. The Employer should not expect to be able to raise the same issue every year and shop around for a different Arbitrator with the hope that the new one will reject [the] well reasoned rationale of an earlier award. The Employer argues that it seeks to make its insurance contribution the same for all bargaining units.... That same situation existed at the time of the Kerkman award. It did not justify the Employer's position then and it does not justify it now.

The Union said that "the Employer has now waited seven years before taking another bite at the health insurance "apple". It argued that the proposal to increase the percentage of employee contributions is not justified by external comparables, internal comparables or increased premium costs. "The reasoning applied by prior arbitrators is just as applicable now".

The Union said that under the County's offer, employee costs would increase by $10.49 or 79% for single coverage or by $17.77 or 72% for family coverage. It argued that these employee percentage increases are not "warranted when the rate quotes for health insurance only show an increases of 17.5% in premium cost." It argued that a previous arbitrator had rejected a similar proposal by Sauk County in 1983, "where the increase between the employees' share was grossly disproportionate in comparison to the actual increases in insurance rates."

The Union argued that its wage offer is supported by both external and internal comparisons. It said that though both

parties had proposed a catch-up, the Union's proposed base wage increase is closer to settlements in comparable communities than the County's offer. The Union said that its 1993 wage offer is less than any comparable offer elsewhere. Those other offers included: 4.5% in Columbia, 3%/2% split increases in Iowa and Juneau and 3.5% in Vernon County. There are no comparable 1994 settlements. "Given the higher 1993 increase, the Union's proposed 4% increase in 1994, at most, serves to provide this unit with a similar lift to others over the 1993-1994 term". It concluded by saying that either party's offer would result in these courthouse employees ranking fourth out of six comparables.

The Union said that three of five represented internal comparables had not settled for 1993 and 1994. It argued that the Employer had proposed higher increases for two of those units. It offered Highway employees 4% for both 1993 and 1994, and Health Professionals 3.5% in 1993, together with a 2%/3% split in 1994. Sheriff's Department employees settled for a 1993 increase of 3.3% and a 4% increase in 1994. "The County's offer of greater wage increases to other units further calls into question its lower base wage proposal for the courthouse employees."

The Union noted that the Wisconsin Statutes provide for arbitrators to consider other factors which are normally taken into consideration during collective bargaining. It argued that the bargaining history between these parties supports the Union's final offer relating to mileage reimbursement and retroactive

dues deductions. "The Employer has presented no evidence to justify discontinuing either practice." It argued that the status quo should be maintained. "The Union proposed that employees who discontinue their employment . . . because of death or retirement shall receive longevity payments on a pro rata basis." The Union argued that this proposed contract revision is supported by identical longevity provisions in Columbia and Juneau counties. It said that Sauk County's Health Care and Highway employees also receive this benefit." The arbitrator should select the Union's longevity proposal as the more reasonable under the statutory criteria.

The Union noted that the County had presented evidence that it needs to make capital improvements to its facilities. The estimated cost of proposed improvements ranged from $926,000 for courthouse renovations to $17,357,000 for building programs. It argued that this evidence does not show any economic hardship which "justifies its continued attempt to downgrade its employees' health insurance benefit or wage increases". It argued that these expenditures show that the Employer is more than able to afford current health insurance benefits and a wage increase that is similar to comparable increases elsewhere. It argued that if the County considers vast costs for building improvements consistent with the public interest, certainly maintaining current employee health insurance benefits and providing a comparable wage increase is equally consistent with the public interest. "Moreover, the Union's final offer overall

for wages costs less than the County's offer and should, therefore, be favored under the public interest and welfare criteria."

The Union said that the County's wage proposal would "cost 3.851% in 1993 and an additional 4.3% in 1994, while the Union's wage proposal will cost only 3.24% in 1993 and 4.11% in 1994, significantly less than the County's wage offer overall". It argued that the Employer's costing data is not reliable because that analysis is based upon 124 employees rather than 131 unit positions, and because it excludes four positions which would require large catch up increases under the County's offer. "The omission of these employees understates the cost impact of the Employer's full catch up proposal". It argued that it is clear that the Union's wage offer "will overall, cost less than the County's." The Union stated that the Employer's 1994 cost analysis, which factors in savings that result from the County's health insurance proposal, is questionable. It argued that, since the County's proposal to increase employee health insurance contributions is not justified, the costing analysis which includes this unwarranted increase should not be relied upon.

The Union said that cost of living increases, of 2.8% and 2.9% reflected by the CPI, are not dispositive because both offers include wage catch-ups, and because comparable communities with higher health insurance costs provided higher increases. It cited prior arbitration decisions to support its argument that,

comparable comparisons provide a better measure of cost of living factors than the consumer price index.

In its reply brief the Union argued that the evidence supports its choice of external comparables. It said that the County had not contradicted evidence of comparability. It argued that the County's proposed 3% wage increases are not in line with comparable settlements elsewhere. The Union argued that the County has provided for a catch-up wage increase for some classifications at the expense of the rest of the unit. It said its wage offer is more reasonable "because it costs significantly less than the County's offer on wage to wage basis."

The Union said that cases which the Employer cited, in support of its contention that internal comparables should be the primary basis for comparison, were based upon factors that are not present in this proceeding. It noted that the County is relying almost exclusively on internal comparables. The Union argued that there is no internal pattern "because half of the four represented bargaining units, and likely more than half the represented employees, have not settled contracts for 1993 and 1994." It cited prior decisions in which arbitrators had found that patterns of internal settlements had not been established. It applied the language from those decisions to the facts of this case. "The County cannot rely on its settlement of only two bargaining units which substantially differ from what is proposed here to support selection of its offer."

The Union argued that the status quo supports its offer. The fact that the WPS-HIP plan has not been available since prior to 1990 does not justify the County's proposal to change the insurance plan, because, the parties have by mutual agreement utilized WPS-HIP rates as the standard for every contract since 1985. The Union reviewed three elements which, arbitrators have said, must exist in order to change the status quo. It argued none of those elements have been shown to exist in this case. The Union argued that the County's proposals to change its job posting policy and retroactive wage payment policy are also unwarranted efforts to change the status quo.

The Union reviewed a series of exhibits which had been presented by the County to demonstrate that the County faces "substantial fiscal challenges". It argued that these exhibits, and other evidence, demonstrate that Sauk County is similar to other comparable communities.

THE EMPLOYER'S POSITION

The County said that wages and health insurance are primary areas of difference between the two offers. It listed the ten statutory criteria set forth in Wis. Stat. 111.70(4)(cm)7, and said that there is no established scheme for assigning any priority in applying these criteria in decision making. It argued that "common sense more than the quantification of factors enumerated under the various criteria, broad principles of equity and fairness, and a judicious regard for the welfare of the public, in a case-by-case process of analysis, are called for to

make interest arbitration work at all". The Employer said that it had "not artificially attempted to appeal to all of the statutory factors" to support its position. It argued that the most appropriate analysis of the circumstances of this dispute, in light of the statutory criteria, supports the County's offer.

The County summarized its interpretation of the relevance of the statutory criteria. "The factors set forth in subsecs. d, e, f, g and h are intended, we believe, to reflect the equitable principle that in a society of laws those persons who are similarly situated should receive similar treatment". It argued that the only meaningful data in this case relates to internal settlements in Sauk County. "The arbitrator should be reluctant to assume any similarities which are not grounded on evidence in the record". The County said that "there is a pattern of settlement which has just recently started to evolve . . . between Sauk County and all its bargaining units. It argued that any objective look at data from Columbia County, or other external comparables, supports the Employer's offer. The Employer said that there is no evidence that it would be unfair for these employees to receive a settlement through arbitration that is similar to settlements which have been negotiated by the majority of other represented employees. "We acknowledge that the Employer's offer may not leave this unit in as positive positions as the units which have settled, but the nature of the bargaining process entails that one who refuses to compromise must risk something."

The Employer said that differences in the wage offers are more complex than a demand by the Union for more money than the Employer is willing to pay. "The implementation of the June, 1990 job analysis study is a major aspect of the wage issue presented to the arbitrator." It said that the study had been conducted by representatives of both of the parties. Results of the study show that "many employees have been doing work which is more demanding and valuable for many years, in some instances, than other employees who are receiving greater pay." The County argued that it seems sensible to attempt to correct such inequities quickly. it pointed to an exhibit that showed a summary of Sauk County's settlements with six employee units for the period 1990 through 1994. "A well established concern with equity and position-specific adjustments is evident in the 1990, 1991, and 1992 adjustments for two or more units." The County argued that it has proposed to devote a greater proportion of its wage settlement in order to implement the 1990 job analysis study, that was conducted by these parties. It said this proposal is "merely rational and equitable, given the history of such efforts and the present circumstances. Here again, the Union has never explained why the proposed change is not fair, if not in the long-term interests of both parties (as we contend)."

The County pointed to the total cost of the two offers which it said is 8.76% under the Union's offer or 8.38% under the County's offer. It said that the cost of these proposed increases should be compared to increases in the consumer price

index, increases for other County employees and wage earners in the community.

The Employer said that, in the past, Columbia County has been considered a relevant "external comparable to consider in weighing the compensation to be received by Sauk County employees." It acknowledged that the overall pattern of settlements and arbitration awards in Columbia County may seem to strongly support the Union's position. It urged the "arbitrator to consider the weight to be given to this factor most carefully. The evidence . . . shows that Columbia County has been the scene of considerable instability in its employee relations and benefits." The Employer cited awards by Arbitrator Christenson dated February 1993 and August 1993, which resolved impasses with Columbia County's Social Workers Union and Highway Department employees respectively. It argued that the arbitrator's evaluation of Columbia County settlements during 1992 and 1993 and his 1993 arbitration awards, demonstrate that those settlements and awards were based upon the need for catch-up increases, wage restructuring and other factors which are not relevant to this Sauk County proceeding. The County argued that "it seems odd that fellow Columbia County bargaining units would have such difficulty trying to usefully compare with a Columbia County settlement that the Union asks the Arbitrator here to put such great weight on as a guide for Sauk County employees." It said that the Columbia County arbitration awards which were based upon this need to catch up, "should not be used as a bootstrap

for concluding the highest offer here should be preferred as a means to 'keep up'"

The County's health insurance offer would reduce the level of Employer's premium contributions from 93% to 90% of the least expensive approved plan. It would also change named providers and redefine the standard of coverage. The Employer noted that it had increased its contribution toward health insurance premiums from 90% to 93% of cost in 1986. It said that Sauk County's offer in this proceeding is identical to the offer it made to County Health care and Highway employees. It said that Sauk County's and WPPA, Leer's voluntary agreement for the Sheriff's Department employees for 1993-94 provides the same result as its offer to Courthouse employees in this proceeding. The County disputed the Union's contention that the Employer granted the Sheriff's Department employees a quid pro quo in longevity increases in return for increased employee contributions toward health insurance. It argued that all contract changes were "mutually beneficial and were demonstrations of a cooperative effort to reshape old ways to allow for the continuation of operations in a more cost efficient manner with the least amount of impairment to existing employee benefits and wages".

The County pointed to a November 9, 1993 resolution of the Sauk County Board which ratified a consent decree with the Health Care Professional's Union for 1993 and 1994. It argued that "it is clear that the parties compromised their differences on change

in the health insurance provisions along with other points previously in dispute". The Employer said it had not been able to secure a voluntary agreement incorporating all of the terms of its health insurance offer. It pointed to an exhibit which demonstrates that one insurance option which established the standard for insurance coverage, under expired labor agreements, has not been available since before 1990. The county said it is obvious that, the parties' agreement should reflect the fact that health insurance plans which are currently being provided for employees under the expired contract should be referred to in the agreement, rather than referring to a plan which is no longer available. It said that the Union had not suggested any reason for refusing to agree to this proposed language change.

The County referred to a series of exhibits which it argued demonstrate that the public interest would be best served if its offer is selected. The exhibits include: plans for renovating the Sauk County Courthouse dated October 1991; an executive summary for compliance by Sauk County with the Americans with Disabilities Act dated May 1993; a study of Sauk County's space needs and building expansions program dated September 1990; and, a document from the Wisconsin Department of Revenue which explains how to calculate tax rate levy limits dated October 1993. The Employer said that these exhibits demonstrate that Sauk County faces substantial fiscal challenges. It argued that the membership of the Sauk County Board appears to be more likely to cut expenditures than seek additional sources of revenue. It

observed that the "County Board has been unable to bring itself to commit to funds of the magnitude seemingly necessary to adequately meet identified county space and building needs." It noted that improvements required by the Disabilities Act will have to be funded in the near future. The Employer said that it did not argue that it lacked the financial ability to meet the costs of the Union offer. It said that the difference in cost between the two offers is small compared to other costs confronting the County. "However, as in so many other areas of public concern, it is necessary to consider the perception of the taxpaying public, as well as the direct economic costs." It argued that the interests and welfare of the public "may suffer as the political inability of the leaders of government to maintain popular support indirectly saps the financial ability to meet the cumulative effect of the costs of increase in the ongoing costs of operations while having to meet new and additional demands." It argued that evidence of discussions about potential layoffs in the Sheriff's Department, which has demonstrated its willingness to work with the employer to control rising costs, merits close scrutiny by this unit.

In its reply brief the Employer reiterated the conclusion "that the two issues that matter are differences regarding wages and health insurance premium contributions. It repeated previous objections to external comparisons. It argued that the Union had ignored unique factual differences, noted in recent Columbia County Arbitration awards, which explain why in those cases "too

many unique variables are at work to allow such comparisons to be more helpful than misleading". The County objected to considering Juneau, Richland, Iowa and Vernon Counties as comparable to Sauk County because of differences in population and because there has not been any evidence that their economic conditions are similar.

The County reviewed many of the earlier arbitration decisions that it had commented on previously; it also commented extensively on some cases from the period 1982-1985. It argued that those decisions, in the context of history, lend support for the County's offer in this proceeding.

The County argued that the Union was only interested in "Cadillac" health benefits regardless of cost. It said that the County has been flexible and cooperative with its employees "while at the same time attempting aggressively to manage the Sauk County group health insurance plan to maintain stability and the most reasonable cost possible for a quality program allowing individual choice." It compared Sauk County's experience with dual choice health insurance options with Columbia County's previous reliance upon a single insurer. It argued that Columbia County's experience had resulted in unstable collective bargaining, and the employer agreeing to terms and coverage it would not otherwise do. The County argued that when considering overall compensation, continuity and stability of employment and all other benefits received "the evidence supports the maintenance of the health insurance program which, since . . .

1985, has allowed for relatively modest increases . . ., for a plan offering substantial benefits and individual choice."

The County said that the Union brief mischaracterizes the nature of the Employer's voluntary settlement with Sheriff's Department employees, "which included acceptance of exactly the same proposal on health insurance as the County is offering here." It denied that changes in that unit's longevity program constituted quid pro quo for increased employee contributions for health insurance. It reviewed a series of provisions which it said clearly establish that the Sheriff's Department Employees' Union yielded a number of significant economic concessions in addition to agreeing to the County's health insurance proposal. It said that the total 2-year increase in compensation cost provided for the Sheriff's Department of 7.3% is less than the employees in this proceeding would receive under either offer herein.

The County said that the consent agreement with its health care workers was a complex agreement. It said that while its health insurance proposal was not included exactly as presented, "something very close in result did constitute part of the parties' compromise." It also admitted that it had abandoned its wage proposal and adopted the Union's wage offer in that case. It defended its health care settlement as costing less than two Columbia County settlements and said that its settlement "clearly shows a pattern of equity "catch-up" for the Sauk County nurses."

The County explained that the discrepancy between 131 unit positions cited in Union exhibits and 124 employees reflected on County exhibits arose from the County having utilized FTE positions in its costing methodology. It argued that the County has based its projections on full cost; and therefore, the impact would be de minimis.

The Employer argued that in view of other financial demands imposed upon the County and state-imposed levy limits, every additional expense "requires immediate consideration of additional cost which may be cut back." It argued that, though it has not been established that the County is unable to meet the costs of either offer, the interest and welfare of the public support the County's offer.

DISCUSSION

COMPARABILITY - Neither party's position regarding relevant comparable comparisons is convincing. The County's suggestion that the only meaningful data in evidence relates to the pattern of internal settlements ignores the relevance of much of the evidence introduced by the Union. Both parties stated that Columbia County has previously been recognized as comparable to Sauk County. The Union's assertion that Vernon, Juneau, Richland and Iowa Counties are appropriate comparables is a conclusion which, though supported by some evidence, appears to be questionable. The fact that these four counties are contiguous to Sauk County provides only one of the elements which is required to establish comparability. Though the Union asserted

that these latter counties "compete for employees within the same labor market and experience similar economic conditions", it failed to introduce evidence to support these assertions. No evidence of equalized values, mill rate levies or comparative economic data for Sauk County and the proposed comparables has been presented in this proceeding. Wisconsin statutes require arbitrators to consider comparable settlements in arbitration proceedings. Arbitrators recognize the value of being able to rely upon a previously established pool of external comparables for comparisons in the decision making process. After a determination of comparability has been made, the parties should have the right to rely upon that finding until a change in circumstances requires that the composition of the comparable group be altered. For that reason, arbitrators in Wisconsin have refused to find other communities to be comparable unless the parties have agreed or unless comparability has been established by the evidence in an arbitration proceeding. In the present proceeding, the evidence shows that the parties and other arbitrators have long considered Columbia County as comparable with Sauk County. There is no evidence that these parties or any other arbitrator ever considered Juneau, Richland, Iowa or Vernon Counties to be comparable to Sauk county. There has not been sufficient evidence introduced in this proceeding to support the finding that these counties are comparable.

The evidence relating to settlements in those counties will be reviewed and considered herein. While that evidence will not

be given the weight that would be afforded to "comparable settlements", it does provide some indication of wage and benefit levels and increases being granted in some geographically proximate communities. The only other evidence of external settlements available to the arbitrator in this proceeding is the 1992-1993 settlement in Columbia County. Limiting the review to that agreement would result in far too much influence being given to that single settlement, and ignore other information which may prove to be relevant to a decision herein.

WAGES - The biggest difference between the two wage offers is the manner in which the parties have addressed implementing the "appropriate wage rates", as determined by the parties agreed upon job analysis study. Information about that study is not extensive; however, the parties agreed to the need for the study and they cooperated to conduct the study. They have also both recognized that wages received by Sauk County Courthouse Employees should be adjusted until the employees receive the "scheduled rate". Their 1991-1992 voluntary agreement began phasing the recommended wage rates into effect. From exhibits C-4 and C-5 it appears that of 129 employees on this payroll on October 13, 1993, twelve employees received wages which exceeded the scheduled rates by between 1 cent and 57 cents an hour. Twenty employees received wages which were below scheduled rates by between 3 cents and $2.21 an hour.

The County proposes to bring those employees who are receiving wages that are below recommended rates up to the

recommended rates over the two year period of this contract. The incremental cost of the County's wage adjustment would be .67% during the first year and .58% during the second year. In addition, the County has proposed a 3% across the board wage adjustment for all employees during each year of the contract. If the County's offer is adopted, at the end of this contract period, twelve employees will receive wages from between 1 cent to 60 cents an hour above the rates that have been recommended for their job descriptions. No employees will receive less than their recommended rates.

The Union proposes to grant an across the board wage increase of 3% to all employees on January, 1993. Any employee who remained below the recommended rate would receive an additional increase of "up to an additional 3% effective July 1, 1993". During the second year, the Union would grant all employees a 4% increase except for those employees "for whom a 4% increase represents a higher rate than the range rate." Employees with wages above recommended rates would receive a 3.5% increase during 1994. Any employee who remained below the recommended rate would receive an additional 3.5% on July 1, 1994. If the Union's offer is adopted, at the end of 1994, eleven employees will receive wages from between 1 cent and 56 cents above the recommended rate. Ten employees would earn from 48 cents an hour to $1.93 an hour less than their recommended rates. The cost of the Union's proposed job analysis adjustments is .20% during 1993 and .08% during 1994.

The foregoing analysis supports the Employer's offer. These parties agreed to the need for a job analysis study and cooperated to permit that study to be completed in June 1990. Both parties have recognized the need to implement the wage rates recommend by the study. They began phasing the new wage rates into effect during the term of their last contract. Absent some reason for not completing the phase-in, the agreed upon rates should be implemented as soon as possible in the interest of equity. The Employer's offer would bring all employees up to scale over the two year period of this contract. The Union's offer would result in ten employees receiving wages that are less than the agreed upon wage scale. The Union has not suggested any reason for failing to bring all of the employees up to scale. This omission is particularly significant because both of the parties' wage increase offers appear to cost approximately the same amount of money over the two year contract period.

It appears that the total cost of the County's 1993 wage offer including longevity increases, wage adjustments and roll up costs for FICA and retirement would be 3.95% compared to 3.48% for the Union's offer. During 1994 the County's wage offer would increase costs by 3.64% compared to a 4.16% increase under the Union's offer. Over the two year period, the County's wage offer is only .05% less than the Union's offer. The foregoing cost estimates of the wage proposals are not completely accurate; they are, however, as accurate as can be determined, based upon the cost analysis data included in the record. The Union's argument

that external settlements support its wage offer on the one hand, and that its first year offer is less than the Employer's offer on the other hand are contradictory and confusing. Both of the parties have offered a 3% base wage increase compared to 4.5% in Columbia County during 1993. Both Juneau County and Iowa County settled for split increases of 3% on January 1, and 2% on July 1, 1993; Vernon County settled for 3.5 percent. Richland County has not settled for 1993. The county's 1993 wage offer of 3.95% is closer to wage settlements in Columbia, Juneau and Iowa Counties. The Union's offer is closer to Vernon County's 1993 agreement. There are no external 1994 settlements for comparison.

The Employer, eschewing external comparisons, argued that only internal comparisons are relevant in this proceeding. Of 5 represented units in Sauk County, there are only 2 settled 1993-1994 contracts. It is not clear how those settlements support the County's wage offer. County Ex. 7 indicates that the 1993 wage increase granted to Sheriff's Department employees "will increase all wage rates in the bargaining unit 1.5%, and lift the average hourly rate for the unit as a whole by 3.3% (due to the initial impact of the new longevity program) and the unit total payroll cost for 1993 will be 4.27% higher than comparable 1992 payroll costs . . ." That exhibit also states that Sheriff's Department employees will receive an average hourly increase of 4% and projected total payroll costs will increase by 4.9% in 1994. County Ex. 32 relates to the consent decree entered in the Sauk County Professionals for Quality Health Care Arbitration

proceeding. "For 1993, this award will increase the average unit hourly rate by 4.5% (cost) and 5.5% (lift) and increase the unit total payroll cost by 4.75% . . . For 1994 this settlement will increase the unit average hourly rate by 4.0% . . . Over the two year term the total payroll projected for this unit will result in a 9.05% actual additional cost and annualized total payroll will increase by 9.9%". It appears that the only two 1993-1994 settled contracts between this Employer and represented units support the Union's wage offer.

HEALTH INSURANCE - There are two separate issues involved in the parties' disagreement about health care coverage. The first question is, what insurance plans should be available to the employees as dual choice options. The other issue arises out of the Employer's suggestion that commencing on January 1, 1994, the employer would decrease its contribution toward health insurance premiums from 93% to 90% of the cost of the least expensive dual choice option. The first issue has an impact upon the contribution toward the premium question, because, the Employer has proposed adding Dean Care HMO as a dual choice option. Since the Dean Care HMO premiums cost less than other dual choice options, the Employer's health insurance costs would be reduced from 93% of the present least expensive premium to 90% of the Dean Care HMO premium, if the County's offer is selected. There are cost impacts associated with both of these issues. In its reply brief, the Union said that the parties have based their insurance contributions through 1992 on WPS-HIP rates. There are

no such rates included on County Exhibit C-30. According to that exhibit and the agreed upon costing analysis, it appears that in 1992 the parties contributions were based upon Dean Care's $136.44 single rate and WCA's $350.50 family rate. It appears that both parties used both Dean Care's $142.09 single rate and its $383.64 family rate in their 1993 cost analysis.

It is not possible to explain, from the evidence, why the total cost of health insurance premiums in the County's 1994 offer is different than in the Union's offer. In the agreed upon cost analysis it appears that the Union has assumed 1994 single premium cost of $151.74 compared to the employer's estimate of $150.22. The Union's estimate corresponds with Dean Care single premium on Ex. C-30. The Union's 1994 total family premium cost of $409.69 is close to Dean Care's $409.56 family premium. There is no explanation where the County's estimated family premium of $405.59 came from. Since there is a difference in the estimated total premiums upon which the cost analysis of the two offers is based, it is not possible to determine the exact amount additional 1994 health insurance costs will be incurred under either party's offer. Some of those increased costs would be shifted to the employees under the County's offer. It is not possible to determine the exact amount that either one of these issues contributes to the cost difference of the two health insurance offers. The following analysis is based upon the parties' agreed upon cost analysis in exhibits C-1A and C-2.

During 1993, both offers require the Employer to contribute $132.14 toward single coverage and $356.79 toward family coverage. Based upon the employer paying 93% of premium cost, it appears that the total premiums for single and family coverage in 1993, are $142.09 and $383.64 respectively. Of these amounts the employees contribute either $9.95 or $26.85 toward monthly premiums.

The Union's offer, which continues the 93% and 7% premium allocation through 1994, would result in the following cost allocations. For single coverage the employee's cost would be $10.62, and the Employer's cost would be $141.12 for a total single premium of $151.74. The family premium of $409.69 would be paid $28.68 by the employee and $381.01 by the County. The County's offer would require employees to contribute 10% toward premium cost in 1994, and would result in the single coverage premium of $150.22 being paid $15.02 by the employee and $135.20 by the employer. The family premium of $405.59 would be shared $40.56 by the employee and $365.03 of the County. The Employees would be required to pay $4.40 more each month for single coverage and $11.88 more for family coverage under the Employer's offer. Under the Union's offer, the County would be required to pay $4.55 a month more for single coverage and $12.29 more for family coverage than it would pay if the County's offer is adopted. Based upon 24 single plans and 92 family plans, the additional cost to the County would be $14,878.56 if the Union's offer is accepted.

The most significant aspect of the Employer's health insurance offer is the proposed reduction in the Employer's contribution from 93% to 90% of premium cost. This reduced County contribution would transfer $14,731.00 in premium costs to the employees. The County argues that this proposal is justified because it previously limited its contribution to 90% of premium cost, and because it is the same offer that was made to its other bargaining units and is included in its contract with the Sheriff's Department. The fact that the County limited its contribution to 90% prior to 1986 does not appear to have any relevance in this proceeding. The fact that the parties have agreed upon a 93% County contribution and a 7% employee contribution since 1986 is relevant. It is also relevant that this appears to have been a contentious issue in Sauk County's negotiations with this and other bargaining units at various times since 1983. The Employer, having proposed to change the terms of this significant employee benefit, has the burden of showing that the change is necessary and that its proposed change is reasonable.

Increasing health insurance costs and various proposals for reallocating these increased costs have been a major issue in the majority of the cases presented to interest arbitrators during recent years. This arbitrator has reviewed data and arguments relating to the allocation of increasing health insurance costs on many occasions. It seems safe to say that, everyone who is involved in the process of negotiating or litigating public

employee contracts in Wisconsin is aware of problems that increasing health care costs present. The recognition that a pervasive problem exists does not by itself justify change in the status quo. The purpose of the bargaining process is to require the parties to explore the mutually satisfactory resolution of identified problems. The Employer in this instance has defended its request that the employees increase their contribution for health insurance by arguing that it made the same offer to each of its five bargaining units.

The evidence demonstrates that the County has attempted to obtain increased employee health insurance contributions from this and other bargaining units though negotiations and through interest arbitration. It does not demonstrate why the Employer perceives increased employee contributions to be necessary. Though the Employer made the same offer to four other bargaining units, only the Sheriff's Department has agreed to the County's proposal. The present 93% employer contribution for health care employees is continued through 1994 under the terms of the consent decree with United Professionals for Quality Health Care. The foregoing evidence does not support the County's contention that the pattern of internal settlements supports its offer.

Very little evidence of increasing health care costs has been placed in the record. Ex. C-30 indicates that Dean Care premiums have increased by approximately 11% between 1992 and 1994. The County did not present any comparative data or argument about how increased health care cost increases compare

with increases in other operating expenses in Sauk County. There does not appear to be any basis in the record for the Employer to assume that these employees would agree to permit the Employer to reduce its previously negotiated 93% contribution toward the cost of the employee's health insurance coverage.

The evidence relating to health insurance contributions in Columbia and the other counties, which the Union put forth as comparables, doesn't support either offer. Only 1993 health insurance cost and contribution data has been presented. From that limited data it appears that both the employer and employees pay considerably more for insurance coverage in Columbia County. In that County, which is comparable, single premiums in 1993 were $210.31 and family premiums cost $505.05 compared to $142.09 and $383.64 in Sauk County. Columbia County limits its contribution to 90% of premium cost for both single and family coverage. Both Juneau and Vernon counties pay 100% of the premium for single coverage, but require the employees to pay 19% or 25% respectively, of the family premium. In 1993 Juneau County's total premium costs were closer to Sauk County costs, while Vernon County's premiums were 30% and 21% higher than Sauk's for single and family coverage respectively. In Iowa County the employer's contribution of up to 105% of the lowest cost premiums covered the entire $155.16 single premium and $305.70 family premium cost in 1993. Richland County paid 96.2% of the WCA premiums of $188.89 for single coverage or $490.57 for family coverage. The foregoing demonstrates that Sauk County had lower

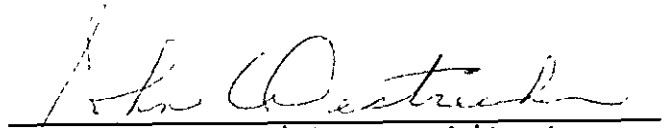
health insurance rates than Columbia County and most contiguous counties in 1993. It also shows that both the employer and employees pay more toward both single and family insurance costs in Columbia County. The employees pay little or nothing toward single coverage in the other counties. The employees contribute a much higher percentage toward family coverage in Juneau (25%) and Vernon (19%) than do the employees in Sauk County.

Both parties, having agreed that wages and health insurance were the major issues in this proceeding, argued the merit of their positions on other issues. Their arguments, which are outlined above, support the conclusion that the resolution of those minor issues ought not have a significant impact upon the outcome of this proceeding.

There is not much of a difference in the cost of the two wage offers. The County's offer would more money into wage adjustments than the Union's offer. This is the most attractive feature of the Employer's offer. The total 2 year wage increase included in the Union's offer is more in line with the two settled agreements in Sauk County than the Employer's offer. It has not been possible to place much reliance upon external comparables in this proceeding. The 1993 Columbia settlement supports the Union's higher wage offer. Wage settlements in Iowa, Juneau and Vernon counties also lend support for that offer. The County has failed to support its proposal to reduce its contribution toward health insurance premium costs. For these reasons the final offer of Teamsters Union Local No. 695

shall be incorporated into these parties' 1993-1994 collective bargaining agreement.

Dated at Madison, Wisconsin, this 22nd day of December, 1993.



John C. Oestreicher, Arbitrator