STATE OF WISCONSIN

Before the Interest Arbitrator

In the Matter of the Petition	)	
	)	
of	)	Case 233 & 234
	)	
Oshkosh Locals 796 and 796A AFSCME,AFL-CIO	)	Nos. 51396 & 51397 INT/ARB 7386 & 7387 Decision Nos. 28284 & 28285-A -A
	)	
For Final and Binding Arbitration Involving Personnel in the Employ of City of Oshkosh	)	

APPEARANCES

For the Union:

Gregory Spring, Staff Representative

For the City:

William G. Braken, Attorney

PROCEEDINGS

On February 9, 1995 the undersigned was appointed Arbitrator by the Wisconsin Employment Relations Commission pursuant to Section 111.70 (4)(cm)6. & 7 of the Municipal Employment Relations Act, to resolve an impasse existing between

Locals 796 & 796A, Wisconsin Council 40, AFSCME, AFL-CIO, hereinafter referred to as the Union, and City of Oshkosh, hereinafter referred to as the Employer.

The hearing was held on August 30, 1995, at Oshkosh, 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 October 31, 1995 subsequent to receiving the final reply briefs.

ISSUES

While this dispute covers two separate bargaining units and two separate labor agreements, there is only one issue that is in dispute between the parties, and that is the determination of how much each bargaining unit employee should contribute towards the cost of premiums for the monthly health insurance benefit.

Union	City
The Union would continue the current levels of contribution for the term of the contract.	The Employer shall provide health coverage equal to the level of benefits under the WPS-HMP program in effect during 1992.

Contributions

Effective Pay Period 1/93 - $24.50/single; $68.75/fam.

Effective Pay Period 1/94 - $27.75/single; $76.75/fam.

The employees may choose to opt out of the non-deductible plan and into the $250 ded. single plan and $500 ded. fam. plan at no monthly premium participation by employee.

CITY POSITION

The following represents the arguments and contentions made on behalf of the City:

The two Locals represented in this hearing have over 200 members which represent 45% of the City's total represented work force. Currently, six of the City's bargaining units are provided with the same dual choice health insurance program as is contained in the City's final offers. The employees of the two bargaining units involved in this dispute have been exempt from paying the same employee health insurance premium co-pays as is found in the other City units for a number of years. These two units have resisted City attempts at co-pay equity since 1990. The employees in these bargaining units have a choice of paying premiums or choosing the deductible plan. The City's goal is

quite simple - to achieve complete internal equity for all of its bargaining units. The City's deductible plans are valued on an actuarial basis near the top of plans found in comparable communities. The City's WPS-HMP plan is a top of the line plan. Fifty-five percent of other City employees are covered by the same arrangement as the City is offering these two groups of employees, and it is the City's position that internal equity must prevail.

A review of comparable health insurance benefit plans reveals that the current plan offered to the bargaining units is an extremely "benefit rich plan," the type of plan that was quite prevalent 15 years ago. The City of Oshkosh's per head cost is currently $5,300 per person, which is on the high side of the WPS range. In an effort to curb costs, the City negotiated employee premium co-pay requirements which began in 1990. Initially, premiums were required for family coverage only but now have included single plans as well. Contribution amounts have had to steadily increase as well. In an effort to seek further cost reduction, the City voluntarily negotiated the implementation of a deductible plan, which required a $250 single or a $500 family employee up front deductible. The deductible plan began in 1993. If an employee elected this plan, there was no premium co-pay requirement. At that time five of the City's bargaining units voluntarily accepted the adoption of the deductible plan. The

City's offer to these bargaining units presents that same deductible plan for the DPW and library units.

Regarding premium comparisons to comparable cities, the Employer has presented data which shows that the premium payments in 1993 and 1994 by the City of Oshkosh are the highest among the comparable cities and well above average. Based upon these facts alone, the City is sufficiently justified in seeking relief from its employees concerning the monthly health insurance premium. This is particularly true if the monthly premiums that the City must absorb are the highest in the area by 40-50%. If employees desire to maintain superior health benefits, then the logical conclusion must be that employees should be required to absorb a minimal cost associated with continuing that excellent health insurance benefit. Even if employees choose the deductible plan, the City's premium will exceed the average by a significant amount. These factors raise the overall compensation of the City of Oshkosh well beyond those of comparable communities. While the Union has refused to acknowledge this, a trade-off does exist between wages and fringe benefits.

Both plans offered to the Union provide excellent benefits. An expert in the health care insurance field testified that the current plan would receive a ranking of 100, and the deductible plan would receive a ranking of 89.9 using the same criteria. The average among the comparable cities was only 87.2. Both

insurance benefit packages are of superior value. It is interesting to note that the Union's own insurance consultant testified that the two City health insurance witnesses were accurate in their testimony. The City notes that historically its premiums have risen well over 100% since 1988. Assuming no employee contribution, this would mean a significant exposure to the City so that it had reasonably sought out minimal employee participation with all of its bargaining units in 1991.

Other employers, both public and private have sought out various ways to respond to rising health care costs, not only shifting a portion of the premium cost to employees, but also pursuing alternate plan changes such as managed care and other benefit reductions. The purpose behind all of this is to raise employees awareness to the high cost of medical care coverage. The City is merely asking for employees to have a stake in the cost of maintaining the current health insurance program. The Union talks of its willingness to contain costs, but the City has yet to see any results.

It is a well established principle within collective bargaining that internal consistency is an important standard. Arbitrators have held that employers need to bargain equally with multiple units. The City provided a number of citations in support of this position. Arbitral authority is quite clear. Absent compelling circumstances, overriding emphasis is placed on

the internal pattern when arbitrators are faced with various fringe benefit issues. The Union offers no compelling reason why it should receive preferential treatment. A historical review of the collective bargaining practice within the City shows that the City has striven to provide internal consistency with each bargaining unit. Even in the face of interest arbitration with the City Hall and police employees, consistency has prevailed. The only exception was the 1991-92 award issued by Arbitrator Chapman for the DPW and library units. The internal comparables dictate for a change in status quo presented by the City. The Union may argue that the contractual change must be accompanied by a quid pro quo. The testimony at the hearing was that when other bargaining units accepted the health insurance option, there was no quid pro quo given. Therefore, this Arbitrator should not impose that additional burden when other units voluntarily settled without one. The City would note that the employees have enjoyed a period of time of relatively low contributions. The employees in these bargaining units pay $17.75 per month less for single and $46.75 per month less for family plan than other City employees. In the meantime, these employees have enjoyed the same wage settlement that all other City employees have received. This leads to inequity. When a majority of City employees are making the same insurance contributions, all employees should be required to make the same contributions without a quid pro quo.

The Union may complain of a relatively large jump in premium payments, but it must be remembered that the discrepancy would not have been as great had the Union accepted the same arrangement that was bargained with the other employee groups. The Union placed itself in this situation by failing to accept what all other employees accepted in the last contract. The City cannot be held responsible for this reluctance. The comparables support overwhelming the need for change, therefore, a quid pro quo is not required.

The City also responded to the Union's brief in this matter:

The City believes that the stipulations of the Parties' criteria favor the City. The City has offered and the Union has accepted a 4% and 3% wage increase in 1993 and 1994, respectively. This increase exceeds the consumer price index for the period of time, therefore, the stipulations of the Parties must be viewed in the City's favor.

Regarding the interest of the public and the ability to pay, it is in the interest of the public for the City to have uniformity in fringe benefit programs. There are certain economies of scale. It is also in the interest of the City to offer a fringe benefit program that is similar to fringe benefit programs enjoyed by the taxpayers who support such a system. The

City has shown that its offer meets that criterion based on either plan offered. While the City is not arguing an ability to pay, it is making the argument that taxpayers should not have to continue to pay taxes to support a health insurance program that deviates so far from other public and private sector employers' programs.

With respect to the internal comparables, the Union argues that fire chiefs and police supervisors should be excluded from the Arbitrator's analysis. The City disagrees. Other arbitrators have found that non-represented employees should be considered when making such decisions. The City provided numerous citations in support of its position.

The Union cited some differences that exist among the different bargaining units. However, these differences are minor. Splintering the health insurance program to accommodate two hold-out unions does not make sense. Changes cited by the Union for the City Hall and professional units were simply changes made in contractual language to bring the two groups up to the same standard that existed with other AFSCME units. As noted by the City in its original brief, the pattern of internal wage settlements among all employee groups is very close.

The Union merely received standard language items that have been in existence in other contracts for years. The Union had

asked for parity between other AFSCME bargaining units in terms of standard contractual provisions, therefore, it is equally realistic for the City to expect parity among all employee groups in terms of fringe benefits. The Union has agreed that employees shall pay a portion of the premium. The real issue is simply one of degree, i.e. how much should the employees pay? The Union's position on status quo is unreasonable since health insurance costs have increased since 1991 approximately 43%. The Union's own witness admitted that the City's plan is very expensive and not generally found anymore.

Both arbitrators cited in the Union's brief have changed their positions in 1995 decisions and have accepted the fact that health insurance costs are so great as to mandate a different view. A lot has happened in the health insurance industry since the late 1980s. The Union attempted to downplay the internal equity argument through Arbitrator Chapman's award. There is new information that warrants a rejection of that analysis. Since that decision, the health insurance premium is far above the prevailing premium and a majority of City employees now have a dual choice option. These facts were not present when the Chapman award was issued.

The Union claimed on page 12 that the Employer was simply shopping for an Arbitrator. This is not true. The conditions in 1995 are different than those in 1992. The issue will not go

away. The City is not utilizing this proposal as an excuse for a major take away without bargaining. The City is simply standing for the propositions supported by a majority of other City employees, and employees who want the Cadillac health insurance plan should be willing to pay a portion of it.

The Union also discussed external comparability. The Union has analyzed only the employees' contribution. The City believes that it is also important to look at the value of the fringe benefit provided. Every witness that testified at the hearing concluded that the City's health insurance plan is simply too expensive to continue to be found in the marketplace.

The percentage contribution argument raised by the Union does not fly. If the provision governing employee contributions was stated as a percent, at least it would acknowledge the ever escalating increases in health insurance costs. Under the current proposal the employees' percentage share would actually shrink over time in addition to the fact that no one else has as lush a plan as the City has offered. In addition, the employees have a dual choice. It does not force the employee at all to pay the premium. Rather it allows the employees a choice between two excellent plans. The City notes that the Union members have no incentive to try to bring insurance costs down since their portion of the cost has remained static since 1991. Likewise, the lack of dental insurance has not caused any concern by both

Arbitrators Chapman and Oestreicher in other arbitrations involving City of Oshkosh bargaining units.

The City believes that the Arbitrator must consider information presented on the private sector. With respect to the cost of living, it can be seen that, despite the Union's extensive arithmetic display, DPW and library employees have gained over their colleagues also employed by the City. Also, the Arbitrator should note that the overall compensation did increase for these employees compared to other full time employees.

With respect to other factors, the Union asked the Arbitrator to place the burden on the employer citing a case involving Mosinee School District. However, in that case the Board was moving from a 100% payment to 90%. In addition, that school district's insurance costs were $200 per year less than the average of comparable schools for family health and dental insurance. The Union did not previously argue regarding the self-funded insurance plan. The Union was present and bargained many contracts since the City has adopted self insurance. The amount that the City has budgeted for these costs is actuarially justified.

The Union has made quid quo pro its main defense. The City does not believe quid pro quo is necessary where (1) what the

City is proposing has been accepted by all other employees; (2) the City has not raised the 1991 employee contribution rates; (3) the City's premium costs are nearly 50% above the comparables; (4) no other bargaining unit received a quid pro quo; (5) all three insurance experts testified that the WPS-HMP plan is a very lucrative plan that would not even be offered today because of its high costs; and (6) an alternative health plan is available at no cost to the employees. Therefore, there is no real justification for imposing the City's request.

The City believes that it has presented overwhelming evidence and arguments in support of its final offers. Therefore, the City respectfully requests that the Arbitrator select its final offer.

UNION POSITION

The following represents the arguments and contentions made on behalf of the Union:

The stipulations of the Parties include an increase in retirement contribution, some clean-up items in the City Local, wage increases of 4% in 1993 and 3% in 1994, and a two-year agreement.

The Employer has presented no evidence or argument that the Union's final offer is beyond the Employer's financial ability or in any way contrary to the interests of the public. The City of Oshkosh has the lowest tax rate of any of the external comparables. The City's statewide ranking has dropped from 91st in 1990 to 119th in 1994. On the other hand, Appleton, the City most comparable to Oshkosh based on location, population. and property value, has increased in rank from 30 to 18 from 1990 to 1994. Based on its relatively low tax effort, the City of Oshkosh has the ability to pay for the health insurance costs represented by the Union's final offer.

Regarding the comparables, it is the Union's position that the internal comparables are composed of six groups that are represented. The City proposes the inclusion of the fire chiefs and police supervisors. The Union objects since they do not have any statutory right to interest arbitration and as meet and confer units are often given no more weight than non-represented employees. In the last arbitration Arbitrator Chapman agreed with this position. The vast majority of represented employees have not agreed to the City's proposal on health insurance. The two unions involved in this dispute represent nearly 47% of the represented employees. Two of the groups, police and fire, voluntarily agreed to increase their contributions; however, this is likened to the tail wagging the dog since smaller groups generally do not dictate what happens to larger remaining

groups. The City reached a voluntary agreement with only two of the six relevant bargaining units. Those two units consist of 158 employees, less than 35% of the internal comparables.

In the 1992 arbitration cases, the two Locals involved in this dispute prevailed in their cases, and voluntary agreements were reached in the five other internal comparables. In the fourth arbitration case, City Hall professionals made the health insurance contribution a non-issue by agreeing to the Employer's language in order to increase its odds of receiving an additional 5% wage adjustment. There are significant differences in the wage and benefits among all of the unions that represent City of Oshkosh employees. Why are there differences in the labor agreements? That is how collective bargaining works, and should work. Each of the six groups has its own interests and goals and their collective bargaining agreements reflect that fact.

In the last round of bargaining there were differences again among the units. In addition, the City Hall unit made significant improvements in issues such as seniority, layoff, job posting, overtime and funeral leave. Also, several employees received wage adjustments. Somewhat the same story would be found in the other AFSCME local.

In addition, the Union has shown that there is no internal consistency with regard to benefits in general. There are

actually three different levels of benefits among City employees. The fact that the City is self-funded allows it to charge each the same premium even though there is almost a $20 difference in benefit costs between public works and police and fire. No doubt this is a reflection of their differing bargaining goals in the past. Some contributions are based on a percentage with a cap, some with percentage and no cap, and some with specified contributions. Arbitrators have rejected arguments to change the status quo even where internal comparable arguments are more compelling than in the instant cases. The Union provided citations in support of its position.

The Employer tried to increase the 1992 employee contribution through arbitration in 1992 using the internal comparability argument. It failed then, and should fail now. The Employer's alleged need for internal consistency in health insurance is just an excuse to achieve a takeaway without bargaining for it.

Regarding the external comparables, the Union has placed into the record evidence supporting the use of 21 bargaining units in six other municipalities. While those comparables do not have organized para professional library employees, the same cities should be used as external comparables for Local 796A. The Union did propose some secondary comparables for cities in

the vicinity that have organized libraries. These external comparables support the Union's position.

The Union cannot deny that it has bargained a very good health insurance benefit for its members. It should be noted, however, that retaining such a level not only has raised the employee's cost, but also precluded inroads into other benefits enjoyed by external comparables. Of particular note is the dental insurance benefit. Twenty-two of the twenty-five comparables enjoy at least a partially paid dental insurance plan. Likewise, wage increases received by the external comparables support the Union's final offers. Without any demonstrated concessions in health insurance the comparables received increases which provide lifts from 6.5% in Green Bay to 10% in Menasha. With the exception of Green Bay, no other community received less than the 7% received by Oshkosh over the two-year period. Four of the six comparables received greater wage increases than Oshkosh.

Regarding the external private employment comparables, the Union believes there is insufficient information regarding this criterion to make it relevant to the instant proceedings.

Regarding cost of living, the changes in the consumer price index for the term are known due to the delay involved in negotiating successor agreements. If the Employer's offers are

selected, the 1993 wage increase is diminished by over 2% for employees in the family plan, which reduces the 7% negotiated wage increase to about 4.6%, or 1% less than the increase in the cost of living during this period. Based on this criterion, the final offers of the unions are more reasonable.

Regarding overall compensation, neither Party presented evidence on this criterion. Likewise, changes during pendency would not be relevant to the instant cases.

Regarding other factors, in order for the moving Party to sustain its burden of proof to alter the status quo, the following conditions must be met: (1) there must be a demonstrated need for change; (2) if there has been a demonstration of need, has the moving party provided a quid pro quo for the proposed change? The Employer has failed to meet either of these burdens. The Employer's health fund has recovered from a $729,000 deficit in 1991 to a surplus in 1995 of about $800,000. All this was accomplished without any change in the employee contribution for these two groups. As a self-funded plan, the City's health fund has been controlled from its inception in 1983 exclusively by the Employer. The Employer has reaped the benefits of self funding by having complete control of the premium equivalent. The City did not increase its contribution towards health care for the first five years it was self funded. This program has saved the City hundreds of

thousands of dollars. In addition during this period the City did not even fund the plan at all for 13 months. Exhibit 13 shows the actuarial data on which the Union has based its considerations.

The Employer continues to reject any input from the Unions on health insurance issues. The Union has retained an insurance consultant to explore alternatives to the City's current self-funded plans. On several occasions the Union has requested information necessary for obtaining quotes from other carriers. To date the City has still not provided all the necessary information. The Union can only draw the conclusion that the Employer wants complete control of the health insurance plan. It must then take full responsibility. Until the Union's are made a viable part of the decision making, the City should be required to bear the losses as well. The Union believes that the premiums were kept artificially low during the 1980s, and the premiums are artificially high now. The Employer could reduce the rates to be more in line with its comparables, yet it chooses not to do so. In the meantime, the Employer insists that employees pay more for the same coverage or accept unacceptable coverage.

Even if the City were to be effectively addressing the problem of health care costs, it has not offered the unions a quid pro quo for such a change. This is a well established doctrine in interest arbitration. The other internal

comparables must have received a quid pro quo in order to voluntarily agree to this insurance proposal. The Union provided a number of cites in support of its position.

The Union also had an opportunity to respond to the Employer's initial brief in this matter:

The Union would note that the City does not charge premiums as such. What this involves is premium equivalents. In a premium situation, an individual or group pays the premium each and every month, and the insurance company assumes the risk. The company's profit is then based on accurately determining what the premium should be. In the City of Oshkosh premium equivalents are set by political rather than actuarial means. In a number of years, the City chose not to pay the full 12-month premium, and the City ignored actuarial advice in setting the premium equivalent.

The City's rating system is subject to concern. For example, the City's comparison between the City of Menasha and the City of Oshkosh seems to indicate that the HMP plans in both cities were remarkably similar, yet the City's witness could not explain the relatively low rating given to the City of Mensaha. Since the City's witness used a proprietary instrument, the Union is not able to replicate his results.

Absent from the City's argument regarding its relevant premium equivalents is any discussion regarding the surplus it has built up in its insurance fund. Do the external comparables have an $800,000 surplus in their insurance funds? Is that amount necessary? Could the surplus be used to lower premium equivalents? In a self-funded system, the Employer has final discretion.

The City's dual choice regarding insurance plans is an illusion. The only issue that will be decided by this arbitration is how much per month are unit employees required to contribute towards the health insurance premium. The award will either give them back pay at the agreed upon wage increases or reduce those amounts by deducting the additional premium contributions represented in the City's final offers. Obviously, the employees do not have the option of selecting an insurance plan retroactively. Therefore, there is no legitimate dual choice being offered by the City. If the City really wanted to explore alternatives, it could have negotiated alternative plans with the unions. The Union presented evidence regarding its willingness to look at alternative insurance plans. Instead of bargaining, the City unilaterally selected an alternative plan. The City simply wants to shift costs to the employees in order to heighten employee awareness. Employees represented by the unions are already aware of the costs of health insurance. In 1991 they voluntarily agreed to share in the premium costs for

the first time. It should be noted that the unions have hired their own insurance consultant to study ways of trying to reduce health insurance costs rather than shift them.

The City has based much of its argument on internal consistency, but this arbitration is not involving the holdout of one lone small unit. This arbitration will impact 45% of all the represented employees in the City of Oshkosh. The evidence shows that over the years these unions have bargained for better health insurance than their internal comparables. Equity means fairness. The Union believes that the cases cited by the Employer are not on point. There is no clear pattern of voluntary settlements since 1992 for the six internal comparables. Four negotiations have gone to arbitration with the City prevailing twice and the Union prevailing twice. There isn't even a clear pattern of involuntary settlements.

In addition, it should be noted that the Police Association members were already paying $50 per month toward the family plan so that the increase was not as great as proposed in the instant cases. There was no mention in the award of the self-funding problems or any indication that the Association had attempted to negotiate for alternatives to the HMP type plan, and a quid pro quo was given. Selecting the City's final offers would diminish the wage increases to substantially below those of the external comparables. The impact on the employees in these units would

result in smaller wage increases than those received by anyone else in the city.

The Union continues to believe that, based on all of the arguments presented and the record as a whole, it is the Union's final offers that are more reasonable than those of the Employer. Therefore, the unions respectfully request that the Arbitrator select the final offers of AFSCME Locals 796 and 796A.

DISCUSSION AND OPINION

Once again we have a negotiations process that has broken down over basically the sole issue of the cost of health and welfare programs. This has become a priority of negotiators of collective bargaining agreements in the country. It seems as if in most public sector negotiations, the cost of insurance has been the factor or at least a major factor which separates the parties. Both sides have a vested interest in coming to an amicable solution of this difficult problem. They were unable to do so in this case, and the Arbitrator is left to choose which side's position is more reasonable in light of the evidence presented at the hearing. With respect to the above, the Arbitrator finds it very troubling that the Unions were unable to get sufficient information in order that they would be able to

meaningfully investigate competitive plans. This is not the appropriate forum to resolve that dispute.

Likewise, because of the timing, the Unions were unable to have meaningful discussions with the Employer regarding its alternative plan proposal. The cost of health insurance has become a national dilemma. Unless both sides are willing to have a free and open discussion without pre-conceived notions, it will be difficult, and perhaps impossible, for the Parties to find a creative alternative to this dilemma. This means that subsequent negotiations will be clouded by consistent concerns over this same issue.

This Arbitrator has made it clear in other decisions that, when one side or another wishes to deviate from the status quo of the previous collective bargaining agreement, the proponent of that change must fully justify its position and provide strong reasons and a proven need. This Arbitrator recognizes that this extra burden of proof is placed on those who wish to significantly change the collective bargaining relationship. In the absence of such showing, the party desiring the change must show that there is a quid pro quo or that other comparable groups were able to achieve this provision without the quid pro quo. It is the Employer that wishes to alter the status of the collective bargaining relationship in this case. However, we are not in a situation where the Employer is proposing health

care contributions for the first time. The bargaining units involved in this case have had a history of making contributions both to single and to family plan coverages. While the Arbitrator finds that the Employer must fully justify its position and provide strong reasons, this is not a situation of making contributions or not, but only of the appropriate levels of contributions. It is true that the Employer is asking for a significant increase in the contribution level, but that is due in part to the fact that these bargaining units prevailed in a previous interest arbitration case and, therefore, have maintained the same contribution levels since 1991.

The Union has argued that, since this is a self-funded plan, it is the Employer that has total control and, therefore, it is the Employer that should bear the entire risk. This argument has some validity, however, insurance costs are made up of several items. The majority of costs go for the payment of claims, and it is claims that drive insurance costs. Health care costs have more than tripled the level of inflation during the past 10+ years and thus driven medical costs to unprecedented levels. In addition to claims and administrative costs, any plan, insured or not, will provide reserves for claims in process and catastrophic claims. In addition, self-insured plans generally have an umbrella coverage for claims or experience above a particular amount. Insured plans would provide for a

profit to the service provider, that is if they have done their actuarial predictions properly.

Because of its self-insured status, it is the City that has accepted the risk and, therefore, it is the City that should reap the benefits when claims experience is positive. The Arbitrator notes that the City has proposed capped contributions on the part of employees. This means that, if the claims experiences are excessively high, the City will absorb all of the additional costs. The Union noted that the City historically has had at best an uneven record of determining appropriate funding, whereas the Union calls them premium equivalents. This is true. However, the record shows that the City has cleaned up its act in recent years regarding funding. This Arbitrator has no way of determining as to whether the current reserves are appropriate for the size of this plan. But the current reserves do not appear to be excessive given the potential for catastrophic occurrences.

With respect to the internal comparables, no matter how you slice the pie the record in this case shows that the preponderance of the internal represented bargaining units make contributions comparable to those requested by the Employer in its final offer without any significant demonstrable quid pro quo . This Arbitrator has found in other interest arbitrations that where there are separate bargaining units, those bargaining units

do have the right to bargain for terms and conditions which would take into account their unique status and different job duties and responsibilities. This is particularly true when comparing police and fire units with other City employees. However, in the area of health insurance, with the significant costs demonstrated and with the burdens of health care falling upon employer and employee, it seems to this Arbitrator that it is appropriate for the Employer to seek out consistency among its represented employees and indeed all of its employees. Therefore, the internal comparables are an important consideration, and they do favor the Employer.

Regarding the external comparables, the Parties are in agreement as to which cities would form the basis for the external comparables. A review of the contributions required for health insurance of the comparable cities shows that the Union's position would be favored in that most of the cities do not require contributions either for single or for family coverage. However, health care is merely a matter of dollars. As noted above, claims form the major component of health care costs, and if the plans do not provide benefits or if they require contributions, the employee must necessarily fund the difference. Therefore, merely comparing contribution levels is not appropriate. The Parties must look at the entire benefit, and the current plan provided by the City to these bargaining units is by far the most beneficial and, therefore, the most

expensive to any comparable city. It is very difficult to make an exact comparison since the City's witness was unable to demonstrate exactly how his valuation assessment was arrived at; however, comparison of the benefit levels indicates that there is significant difference between the Oshkosh benefits and those provided by other comparable cities. This is true even when the dental plans are factored into the equation. Some of the comparable cities do provide dental and optical insurance. Dental and optical insurance are relatively low cost add-ons when compared to the total health care premium. The value of an insurance plan is related to how many dollars employees would actually have in out of pocket expenses based both on contributions and on costs not covered by a plan. Therefore, a review of the external comparisons taking into account both contributions and benefits and even including the dental and optical plans available to other employees, the Arbitrator finds that this review slightly favors the Employer's position in this matter.

The City argued aggressively that it has offered employees an option in order to avoid contributions, and that is accepting its alternative plan which provides significantly lesser benefits. There are two problems with this proposal. It is very difficult for the employees to determine prospectively as to which plan would be of greater benefit to them since this would require them to predict what the future would hold for their

health care needs. The other problem is that this arbitration award will come after this contract period. The timing is very inappropriate for the employees to mitigate any effect that contributions would have on their negotiated pay increases.

While the internal and external comparables favor the City's position in this matter, the Arbitrator is concerned as to the impact of the significant contribution requests on the paychecks of the employees affected. As noted above, they have no opportunity to mitigate these losses due to the timing of this case. However, when reviewing all of the evidence, it is this Arbitrator's judgement that the Employer's proposal most nearly meets the statutory requirements and criteria, and he will so award in this case.

Before moving to the award section, the Arbitrator would suggest to the Parties that they might consider in future negotiations the establishment of a flexible spending account. This might make it easier for employees to move some of their medical expenses from post-tax to pre-tax dollars. As noted above, this is not a case of whether employees should contribute or not, but only of the appropriate levels of contribution. The award that follows is based on the City's assurances that it will not change the benefit levels and that the future plan will equal the current benefit levels without any unilateral changes.

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 City of Oshkosh is the more reasonable proposal before the Arbitrator and directs that it, along with the stipulations reached in bargaining, constitute the 1993-1994 agreement between the Parties.

Signed at Oconomowoc, Wisconsin this 2nd day of ~~November~~ December (REM/mls), 1995.

Raymond E. McAlpin, Arbitrator