BEFORE THE ARBITRATOR

In the Matter of the Petition of

WISCONSIN PROFESSIONAL POLICE ASSOCIATION/
LAW ENFORCEMENT EMPLOYEE RELATIONS DIVISION

To Initiate Arbitration	Case 322
Between Said Petitioner	No. 58321 MIA-2299
and	Decision No. 29931-A

ROCK COUNTY

Appearances:

Long & Halsey Associates, by Victor J. Long, Labor Relations Consultant, appearing on behalf of the Association.

Richard Thal, General Counsel, WPPA/LEER, appearing on behalf of the Employer.

INTEREST ARBITRATION AWARD

Wisconsin Professional Police Association, (herein "Association") having filed a petition to initiate interest arbitration pursuant to Section 111.77, Wis. Stats., with the Wisconsin Employment Relations Commission (herein "WERC"), with respect to an impasse between it and Rock County (herein "Employer"); and the WERC having appointed the Undersigned as arbitrator to hear and decide the dispute specified below by order dated July 5, 2000; and the Undersigned having held a hearing in Janesville, Wisconsin, on November 2, 2000; and each party having filed post hearing briefs, the last of which was received January 17, 2001.

ISSUES

The following is a summary of the issues in dispute. The final offers of the parties' represent the complete statement of issues in dispute. The parties have agreed to have a two-year agreement for calendar years 2000 and 2001.

1. Wages: The Association proposes a 3% across-the-board wage increase effective January 1 of each contract year. The Employer proposes a similar increase except that it has added .5% to the year as a quid pro quo for the proposed change in health insurance coverage.

2. Court Officer Hours: The Employer proposes to change the current contractual language to add a second shift for court officers from 10:00 a.m. to 6:00 p.m. Currently, the only shift provided for court officers is 9:00 a.m. to 5:00 p.m. The

Association opposes any change in the current hours.

3. Health Insurance: The Employer proposes that effective January 1, 2001, the medical insurance plan will be modified as follows below. The Association opposes any change in the current plan.

Item	Current Plan	Employer Proposal
out-of-pocket maximums	$350 single $800 family	$425 single $900 family
coinsurance	Employer pays 80%	Employer pays 75%
drug plan deductible's	$5 generic $10 brand name	$7.50 generic $15.00 brand name
air ambulance	$300	Full cost subject to Deductible and co-ins.
lifetime maximum	$1,000,000	$2,000,000

POSITIONS OF THE PARTIES

The Association takes the position that the sole issue in this matter is whether the Employer's proposed .5% quid pro quo is appropriate or not. The parties entered into a stipulation at page 14 of the transcript that the .5% additional increase was intended as a quid pro quo. Accordingly, the Association takes the position that this matter is to be decided solely upon the basis of whether the Employer has offered an adequate quid pro quo. The Association relies upon City of Manitowoc, 108 LA 140, @p148 (Michelstetter, 1997), for the proposition that when a public employer fails to get a union to agree to a proposal allowing changes, it should propose a quid pro quo offer that proposes to share with employees the benefits it would receive. It also relies upon City of Whitewater Dec. no. 29537-A, p. 5 (Michelstetter, 1999) for the view:

> "The concept of a quid pro quo is a factor so common in bargaining and so long recognized by arbitrators that it, itself, is an 'other factor' within the meaning of factor h . . . "

The Association notes that the Employer's own actuary indicates that the Employer will average a $413 savings per employee with the health insurance change. Further, the Employer will make a substantial savings in overtime costs if it implements the new additional courthouse shift. In its view, the quid pro quo offered by the Employer is not of equivalent value for both new items because it provides for additional annual compensation per employee of only $210 per year.

In its view, the Employer's proposed costing method is inconsistent with the projections developed by the Employer's own actuary. This is, in part, based on the fact that the Employer's premium equivalent figures are different in its exhibit six. This results in the Employer having incorrectly calculated that the total package costs of the two offers were virtually identical.

It also argues that the Employer's proposed drug plan deductible increase is unfair because it unfairly penalizes those whose family members rely most on prescription drugs. Actuary David Huttleston testified that if the Employer's final offer were adopted, about half of the bargaining unit employees would have annual additional drug co-payments ranging between $0 and $60, but that within a ten-year period he would expect six employees to have additional drug co-payments of more than $500. For employees in that group annual total out-of-pocket drug costs would exceed $1500. The Association takes the position that these users would be the people who would least be able to afford this change.

Finally, the Association argues that the Employer's proposal to add a fourth shift makes its quid pro quo offer unreasonable. The Employer desires to expand deputy presence in the courthouse until 6:00 p.m. because family mediation and some other activities may require the presence of a court officer. This work can presently be done on overtime. This would cost the Employer an additional $8,500 in annual additional compensations. This represents a savings of $125 per year per bargaining unit member. This makes the Employer's quid pro quo offer even more unreasonable.

The Employer takes the position that its offer is more appropriate. It relies upon Elkhart Lake-Glenbeulah School District Dec. No. 26491-A (Vernon) for the standards when a change in the status quo is justified:

> "When an arbitrator is deciding whether a change in the status quo is justified, he/she is really weighing and balancing evidence on four considerations: They are (1) if, and the degree to which, there is a demonstrated need for the change, (2) if, and the degree to which, the proposal reasonably addressed the need, (3) if, and the degree to which, there is support in the comparables, and (4) the nature of a quid pro quo, if offered."

It believes it has met this test.

It indicates that its offer is supported by the interests and welfare of the public criterion. As of September, 2000, the Employer's health insurance fund had a balance of $1,413,165.21. This compares to a balance of $4,805,545.99 at the end of 1997. This is a 71% reduction over the course of about three years. This fund requires an infusion of over $1,000,000 to bring it to

an adequate level. This would be a substantial burden on the taxpayers of Rock County, yet this might not be enough to keep pace with the erosion of the fund to continuing cost escalation. The Employer pays the full insurance premium equivalents for all employees in all bargaining units. Insurance premium equivalents have risen dramatically over the past few years. The premium equivalents increased about 100% in the last three years. The offset the Employer is seeking is minimal in comparison to the cost increase.

The Employer also argues that its proposal is in line with the external comparables. When compared with other comparable employers' plans on the basis of out-of-pocket minimums, coinsurance, drug co-payment, air ambulance, lifetime maximum, and employer premium share, the Employer's offer for changes in coverage for out-of-pocket maximums, coinsurance, and drug co-payment, are within the range of what is being provided in comparable counties. While the coinsurance payment of 75% proposed by the Employer is a lesser benefit than provided by comparable counties, the relatively low out-of-pocket maximums provide a cap on the exposure of unit members. The 25% employee's coinsurance will cause some employees to reach the out-of-pocket maximums more quickly than they would have without this change. This change in the coinsurance only impacts those employees who meet their deductibles, but do not reach the out-of-pocket maximums. All employees are protected by the maximums. The proposed drug co-payments are above average for the comparable counties, but are still within the range of comparable counties. This change is justified by the escalating cost of drugs which the Association's expert witness testified are escalating at about 20% annually. It also notes that many of the comparable counties require some contribution to insurance premiums whereas here the Employer pays the full premium.

The Employer takes the position that its offer is also supported by the internal comparisons. The Employer notes that the Juvenile Detention Workers' unit accepted the Employer's proposed changes in the health insurance subject to the proviso that if the changes were not accepted by one of the other bargaining units, they and the .5% quid pro quo would not apply. The Employer also reached tentative agreements with AFSCME in two bargaining units (courthouse and corrections worker unit), and nursing home unit.[1] Both included the changes.[2] The Employer

[1]The Employer acknowledged that this tentative agreement had been rejected by the membership of the union as of the date the brief was written.

[2]Both of these agreements have a memorandum of understanding which states as follows:

"If any other bargaining unit accepts or has awarded a revised

noted that the highway and maintenance unit entered into a tentative agreement including the Employer's changes in health insurance during the interim.

The Employer also argues that the benefits which deputy sheriffs receive is better than that enjoyed by other units. This unit has substantial early retirement, fully paid health benefits on retirement. The other nine units do not have these benefits. Also, this unit has a tuition reimbursement benefit not available in all of the other units.

The Employer also argues that its position with respect to the change of court officer shift is appropriate. The Employer has a legitimate reason to add the new shift in that business in the courthouse now extends beyond 4:00 p.m. It includes family mediation and other activities which require the presence of a law enforcement officer. The Union acknowledged that there have been two prior changes in Article 8.02 and this is consistent with those prior changes.

The Association argues that the parties have agreed that the fundamental question in this case is the adequacy of the quid pro quo. Given this stipulation, the Association urges the arbitrator to reject the Employer's argument that consideration of the interests of the public and considerations of the comparables favors the Employer's final offer. In any event, even considering those criteria, the Association position would be preferable.

In its view, the Employer's interest of the public argument is flawed because there has allegedly been a 98% increase in premium equivalents. In fact, the Employer has manipulated premium equivalents in a way which is not reflective of actual expenditures. Neither trust account balances or premium equivalents, constitute a valid measure of a cost increase.

It also argues that the Employer's position that comparison to external comparables favors its position is wrong. Actuary Huttleston testified that it is very difficult to compare overall health insurance benefits with the small amount of information the Employer provided. In any event, under the projections provided by the Employer's actuarial consultant, the Employer

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health insurance plan for a 2000-2001 contact that is better than the revised plan accepted by this bargaining unit, then the health insurance plan for this bargaining unit will be changed to that better plan"

could expect that if its final offer were adopted, over 75% of the savings generated by its health insurance changes would result from increasing the employees' coinsurance from 20 to 25%. Therefore, this is the most significant item. Employer exhibit 8-4 shows that all comparable counties have an option that is better than the 25% coinsurance provision that the Employer has proposed. Similarly, the comparables favor the Association's position on the drug co-pay. Accordingly, the Association believes its offer is actually supported on this criterion.

The Association argues that the juvenile justice unit has agreed to have the same insurance as the deputy sheriffs unit. No other unit has a final agreement. Accordingly, no internal comparables favor either side.

The Association also argues that the existence of the retirees' health insurance benefit and other minor advantages are irrelevant in a quid pro quo analysis. Alternatively, they were negotiated long ago and presumably other units negotiated for items which were important to them.

The Association notes that the Employer has relied upon a four-part test enunciated by Arbitrator Vernon for analysis of interest issues. It replies that the Employer has not demonstrated sufficient evidence for a need for a change in the current insurance plan in that it has not shown that its costs have inordinately increased. Second, it has not shown that its plan is appropriate to make any changes. Third, it has not met the comparability test. Fourth, the offered quid pro quo is less than half the total savings to the Employer from this unit. Accordingly, it believes its offer is still appropriate.

The Employer replied to the Union's argument that its offer was not an adequate quid pro quo by asserting that there would be no reason for it to make a quid pro quo offer it were to give the Association every bit of savings it would make. In any event, it argues first that it makes economic sense that it would be seeking concessions from the Association. According to its exhibit four, its health insurance costs rose 48% from the end of 1997 through 1999. By contrast, the Employer is only seeking a total cost savings from all County employees of only 7.7%. The estimated savings in this unit is about $28,000 per year. It argues that the Association's analysis of the extra .5% increase is flawed because it does not include the impact of the future steps and the "roll-up" costs (Wisconsin Retirement and FICA) of the .5% offer.

It is its view that the Association's argument that the proposed drug plan deductibles are unfair because they may result in significant cost increases for employees whose family members have the most prescriptions is without merit. In its view, this method of having employees share in the cost increase is the most

equitable.

Finally, the Employer responds to the Association's position on the court officer issue by pointing out the testimony of Chief Deputy Tellefson that although there has been a need to have people at the courthouse in the 4-6 period, the Employer has provided a deputy only on request, rather than incur the costs for regular overtime. Under these circumstances, the addition of the shift does not impact any employee's past earnings.

DISCUSSION

1. Standards

In this proceeding, the arbitrator is to select the final offer of one party or the other. The arbitrator may not modify the offer of either party. Instead, the arbitrator must select that offer which is closest to being appropriate. The choice of offer is to be made on the basis of statutory criteria. The weight assigned to any issue or criterion is in the discretion of the arbitrator. The following are the criteria as specified in Section 111.77(6)), Wis. Stats:

a. The lawful authority of the municipal employer.

b. Stipulations of the parties

c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

d. Comparison of wages, hours, and conditions of employment employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes performing similar services and with other employes generally:

   1. In public employment in comparable communities.

   2. In private employment in comparable communities.

e. The average consumer prices for goods and services, commonly known as the cost of living.

f. The overall compensation presently received by the employes, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

g. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

h. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration, or otherwise between parties, in the public service or in private employment.

The parties essentially agreed to focus this dispute on the Employer's effort to modify the existing health insurance plan. Both have recognized that the health insurance issue is clearly more important than the court officer issue. Further, both have essentially focused on whether or not the Employer's offered quid pro quo is adequate in the light of the nature and reasons for that proposal. In this type of a narrow dispute many of the above factors have no impact in this matter or must be applied differently than when applied to disputes involving a broad range of economic and language issues.

Both items in dispute involve proposed changes in current contract provisions. In both City of Whitewater, supra. and City of Manitowoc, supra. (cited by the Association), I held that parties seeking to change existing contract language must show that the circumstances have changed such that a change in contractual benefits is necessary and that its proposal is reasonably necessary to accomplish that change. In the alternative, a party may show that it has offered an equivalent quid pro quo for its proposed change. The Employer relied upon Arbitrator Vernon's holding in Elkhart Lake-Glenbeulah School District (Dec. No. 26491-A) for its trial presentation. In that case, Arbitrator Vernon stated:

> When an arbitrator is deciding whether a change in the status quo is justified, he or she is really weighing and balancing evidence on four considerations: They are: (1) if, and the degree to which, there is a demonstrated need for the change, (2) if, and the degree to which, the proposal reasonably addressed the need, (3) if, and the degree to which, there is support in the comparable, and (4) the nature of a quid pro quo, if offered.

For the purposes of this matter, the views are essentially similar. A detailed analysis is not necessary. The logical basis for changes in contract language is universally recognized as an important consideration in collective bargaining and is, itself, an "other" factor clearly contemplated in subsection h. Similarly, the use of quid pro quo is also an "other" factor under subsection h. It is also important to note that the trial theory elected by the Employer and stated by Arbitrator Vernon

emphasizes the support for the changed proposal among the comparables.

I address the court officer issue first because the Association's analysis would require the Employer to give a quid pro quo for the combination of the two issues. The Employer denies that any quid pro quo is necessary for this issue.

Court Officer Shift

The relevant portion of the shift structure provision of the expired collective bargaining agreement provides as follows:

"Court Officers: Monday thru Friday, 7:00 am to 3:00 pm/8:00 am to 4:00 pm/9:00 am to 5:00 pm. The Court Officer shall be regularly assigned to one of these three scheduled shifts."

Employees who work overtime in these shifts receive overtime pay at time and one-half after 8 hours of work. Patrol deputies and others have different shift schedules.

Chief Deputy Tellefson testified on behalf of the Employer on this issue. Currently, there are 13 deputies assigned to the courthouse. Two of these walk beats in the courthouse and the others are apparently assigned to specific duties. Under the current schedule none of the deputies assigned to the courthouse regularly works past 4 p.m.

He stated that the Sheriff had determined that he would like to expand the law enforcement presence in the courthouse until 6 p.m. He stated that some of the courts and many of the public officials work until 5 p.m. He also stated that the family mediation program operates until 6 p.m. The mediation program has participants who are operating under emotional strain. He stated a law enforcement presence is particularly important during that program. Currently, the sheriff provides a law enforcement presence after 4 p.m. by request only. There have been a number of requests. Further, the Employer has built a new addition to the courthouse. In this process it has installed electronic monitoring and also a signal system so that the courts can call for law enforcement assistance if there is a problem. However, under the current system, there is no person monitoring the electronic equipment or signal system after 4 p.m. on a regular basis.

There is no dispute in this case that the Sheriff has the authority to assign deputies to be present during those expanded hours. The only issue is how they should be paid, whether by overtime or straight time.

Under the circumstances, the Employer has shown that there are changed circumstances. Deputy Tellefson testified that

currently there are no deputies who regularly work at the courthouse during those hours. The new staffing would require that a deputy would be assigned there during those hours on a regular basis.

The Employer has also shown that its offer is more appropriate to address these changed circumstances. Overtime payments are ordinarily a penalty which an employer legitimately has a right to avoid. There is no showing in this case that any deputy in the courthouse has ever had regular overtime. Further, there is none of the usual indicia of overtime being a part of an employee pay plan in the sheriff's department beyond roll call time for street deputies.

The Association relied upon the holding in City of Manitowoc, supra. @ p148. In that case, the employer proposed to change a long-standing right of employees to schedule their own vacations. That employer had reduced its staffing levels in earlier years and the vacation choices of employees often resulted in the employer having to call-in police on overtime to maintain its staffing levels. That employer had been unsuccessful in changing the vacation selection provision in previous years' negotiations. Further, the evidence showed that the employer had used the fact that there were substantial overtime opportunities as an element in the compensation of employees. Under the circumstances, I held that the employer had not shown that there had been a change in circumstances and that it had to meet the test of buying out (offering a greater or equivalent quid pro quo) to sustain its position. I concluded that that employer had failed to do so. This situation is entirely different here. There is no evidence that overtime opportunities in the courthouse patrol have ever been part of the regular compensation of employees assigned to the courthouse.

Health Insurance

The essence of the Employer's position is that its health insurance costs have recently risen dramatically and it believes that unit employees should share in a small part of that cost increase. It has offered to share part of the savings in the form of a .5% partial quid pro quo. The Association is essentially denying that the Employer has even shown changed circumstances, but is primarily focused on its arguments that 1.there is no need for the proposed changes and 2. that the Employer has not offered an equivalent quid pro quo for the proposed changes. Much of the effort of the parties at the hearing was spent quantifying the quid pro quo.

The first point of analysis is whether the Employer has shown that circumstances have changed. I am satisfied that the Employer has shown that there is some change in circumstances in

that its health insurance costs have recently increased beyond the range of normal increases.

The Employer heavily relied upon the fact that its premium equivalents have risen dramatically as a basis for its position. The Association disputed whether that increase is a reliable indicator for bargaining purposes. In the beginning of 1999, the family rate was $464.99. In July, 1999, it was raised to $534.74 (15%). For 2000 it was $599.33 and in June was raised to $683.24. (28% lift). For January 2001, it is $717.50 (5%). The percentage growth exceeds the rate of increase of the cost of living, and the agreed upon wage increase. As discussed below, it exceeds the rate of increase of similar plans generally. On its face, this does tend to indicate a changed circumstance.

The Union's expert actuarial witness, David Huttleston, credibly testified that the premium equivalents were artificially lowered in earlier years, resulting in a reduction of ending funds-on-hand balances. The Employer hinted by cross examination that this rate reduction may have occurred because state and federal funding agencies thought the previous ending fund balances were too high. There is no evidence as to whether or not the savings were shared with the bargaining unit. In any event, the Employer's finance director conceded that part of the purpose of the current increased premium equivalent is to restore part of the previously depleted ending fund balance. The Association's actuarial expert questioned without contradiction whether there was a need to increase the fund balance. Whatever, the strength of these positions, the rate of increase in premium equivalents is not an entirely accurate measure of recent cost increases. The choice of raising or lowering ending fund balances is not related to the ordinary expenses of the health program.

There is, however, another measure of the change in circumstances, the actual increase in claims experience over the recent years. This number would be affected by the number of people who are covered under the plan at various times. The numbers are not in evidence and might vary significantly from year to year.[3] Nonetheless, the preponderance of available evidence indicates that it is very likely that the total cost of the Employer's health insurance program has risen at an unusually high rate.

[3]Mr. Huttleston stated that he requested that information in preparation for the hearing and that the Employer did not provide him with that data.

1997 6,708,412
1998 10,006,403 49%
1999 9,957,702 (The amount through first part of September is 7.084,158)[4] [.5% decrease]
2000 7,824,033 (through first part of September
[10% year over year increase]

The figures demonstrate an average annual growth rate of about 18%. They also show there has been substantial volatility. This exceeds the rate of inflation for these periods. Further, Mr. Huttleston testified on cross examination at page 51 of the transcript that increases in health expenses during this period were ordinarily 8% to 10% per year while prescription drug increases for the same period were about 19 to 21% in similar plans generally in Wisconsin. Even with the deficiencies in information, the preponderance of the available evidence suggests that there is a change of circumstances such that a reasonable employer would address the rate of growth.

The Employer has failed to show by a preponderance of the evidence that change of circumstances warrants a permanent reduction of the principle benefits.

The Employer did not offer direct testimony as to why it chose to make the proposals. The documentary evidence indicates that it obtained a professional analysis and targeted areas of the plan that appeared to generate inordinate increases.

Even though the Employer adopted a trial theory which emphasized comparisons to external comparables, it offered no comparative evidence as to how the resulting premium equivalents (or costs averaged over those selecting family and individual coverage) compare to the premiums paid among comparable employers. Thus, it is impossible to say whether the resulting premiums (or costs) are high or low. Under these circumstances, the evidence is insufficient to conclude that it would be appropriate to expect unit employees to have a permanent reduction of benefits based upon the one time large increase.

Similarly, there is no evidence to show that the costs of insurance will again jump dramatically. The only increase which was inordinate was that which occurred was from 1997 to 1998. The changes in successive years were within normal ranges. Accordingly, it is unclear that there is any risk of a substantial unusual increase in the future. In any event, there is no evidence that the Employer's proposal is likely to significantly affect volatility of cost. Thus, there is no

[4]Another measure would by 3/4 1999 which is 7,468,276.

evidence supporting a permanent change in benefits to deal with a risk of an inordinate increase.

The evidence thus indicates that there were changed circumstances. The evidence is insufficient to conclude that any change in benefits is necessary, although it might be possible that a temporary change might have been appropriate to pay for the one-time large increase in costs.

The next question is whether the evidence otherwise supports making specific changes the Employer proposes in the health insurance/prescription drug plan. The two major changes are the coinsurance change and the drug deductible change. The former constitutes 75% of the proposed total savings after benefit improvements and the latter constitutes 21%.

The parties agreed to use the external comparables of Brown, Kenosha, Marathon, Outagamie, Racine, Sheboygan, and Winneabago Counties and Cities of Beloit and Janesville, for the limited issues and purposes of this hearing only. The evidence demonstrates that the existing co-pay of 80% is essentially the lowest co-pay amount in the comparables, although many have an 80% level. By contrast, the Employer's proposed 75% contribution is essentially below all of the comparable counties' contributions.

Similarly, the current $5 generic/$10 brand name drug plan deductible is essentially comparable to most other similar employer's plans. The Employer's proposal would reduce the co-pay level for generic drugs to the lowest co-pay of any comparable employer. The next higher is $6.00. The brand drug co-pay proposal would lower Rock County to the lowest co-pay among comparable employers. About three other employers have similar co-pays. There is very little support for the Employer's proposed changes among the comparables.

The Employer also relied upon internal comparability to support its position. There are nine collective bargaining units in Rock County. The available evidence indicates that the health insurance plan is uniform over county units. Further, the fact that bargaining units are using "me too" type language to insure uniformity of benefits demonstrates that there is general agreement among Rock County bargaining units that uniformity of health insurance is desirable. Certainly, uniformity reduces costs associated with having to keep track of different plans.

There have been one settlement and two tentative agreements in other bargaining units. The one settlement occurred in another unit represented by the Association, the juvenile detention workers. That unit agreed to accept the health changes if and only if the parties in this unit agreed to the change.

The essence of that agreement is to essentially abide by the result in this case. No weight can be attached to that settlement. There are two other units which have reached tentative agreements. Neither had been ratified at the time of hearing. One settlement had been rejected for reasons unknown. Little weight is attached to the tentative settlements.

Finally, both parties have heavily argued their positions with respect to the Employer's offered .5% quid pro quo. The Union's bargaining representative, Mr. Urso, testified that the parties have used quid pro quo bargaining in the past to exchange an extraordinary wage rate increase for changes in the health insurance plan. In the past, the parties increased the final wage rate for a year above what would have been a normal settlement. Mr. Urso stated that he felt that those proposed quid pro quo's were equivalent and that he had agreed to them.

The Association's actuarial expert put the annual savings of the proposed changes at $413.35 per person per year. By contrast the Association costs the Employer's quid pro quo as $210 salary per person per year based upon the average wage. The Employer correctly pointed out that the Association's position ignores WRS and FICA paid by the Employer. When added in the amount would rise by about 25% to about $262. Even so, the Employer's offer is not an equivalent quid pro quo.[5]

There is a difference in bargaining and legal theory between the parties. The Employer's view assumes that a partial quid pro quo is appropriate to ease the burden of unpopular but necessary changes. The Association appears to contend that a full buy out is always necessary. While I agree with the Employer, it has failed to show any necessity for its proposal. Accordingly, the Association's offer is closer to appropriate.

AWARD

That the parties' agreement contain the final offer of the Association.

Dated at Milwaukee, Wisconsin, this 20th day of March, 2001.

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Stanley H. Michelstetter II
Arbitrator

[5]The parties did not address the tax consequences of this change and, therefore, I have not addressed them.