

BEFORE THE ARBITRATOR

In the Matter of the Arbitration of a
Dispute Between

WISCONSIN PROFESSIONAL POLICE
ASSOCIATION/LAW ENFORCEMENT
EMPLOYEE RELATIONS DIVISION

and

CITY OF MOSINEE

Case 7
No. 60647
MIA-2430
Dec. No. 30548-A

Appearances:

Mr. Thomas W. Bahr, WPPA/LEER, on behalf of the Association.
Ruder Ware, by Mr. Dean R. Dietrich, on behalf of the City.

ARBITRATION AWARD

The above-captioned parties, herein “Association” and “City,” selected the undersigned to issue a final and binding interest arbitration award pursuant to Sec. 111.77(3) of the Municipal Employment Relations Act (“MERA”). A hearing was held in Mosinee, Wisconsin, on June 12, 2003. The hearing was not transcribed and the parties filed briefs and reply briefs that were received by August 14, 2003.

Based on the entire record and the arguments of the parties, I issue the following Award.

BACKGROUND

The Association represents for collective bargaining purposes a unit of non-supervisory law enforcement personnel employed by the City. The parties engaged in negotiations for a successor collective bargaining agreement to replace the prior agreement which expired on December 31, 2001. The Association filed an interest arbitration petition on December 17, 2001,

with the Wisconsin Employment Relations Commission (“WERC”). The WERC appointed Steve Morrison to serve as an investigator and to conduct an investigation. The investigation was closed on January 31, 2003, and the WERC on March 5, 2003, issued an Order appointing the undersigned to serve as the arbitrator.

FINAL OFFERS

The Association has proposed the following final offer:

The Association makes the following final offer on all issues in dispute for a successor Agreement to commence on January 1, 2002, and remain in full force and effect through December 31, 2003.

1. All provisions of the 2002-2001 Agreement between the parties not modified by way of any previous tentative agreements, and/or by this final offer shall be included in the successor Agreement between the parties for the term of said Agreement.
2. The term of the Agreement shall be for the period of January 1, 2002 through December 31, 2003. All dates relating to term shall be modified to reflect said term.
3. The Association proposes modifying Section 8. Holidays as follows:
Each full-time employee shall receive the following eleven (11) paid holidays per year:

New Year’s Day (Jan. 1)	Veterans Day (Nov. 11)
Memorial Day	Thanksgiving Day
Easter Sunday	Day after Thanksgiving
Independence Day (July 4)	Christmas Eve (Dec. 24)
Labor Day	Christmas Day (Dec. 25)
New Years Eve (Dec. 31)	

If the employee works on the holiday, he/she shall receive one and one-half (1-1/2) time pay for hours worked plus eight (8) hours of said holiday pay. If the employee works overtime on the holiday, he/she shall receive double and one half (2 ½) times pay for all overtime hours worked in addition to said holiday pay and all other pay. If the employee is scheduled off on the holiday, he/she shall receive eight (8) hours straight time as said holiday pay for the holiday.

4. The Association proposes modifying Section 11. Insurance, first paragraph, as follows:

The City shall provide health and medical insurance for all full time employees through the State of Wisconsin Public Employers' Group Health Insurance Program. The City shall pay a base premium of \$336.51 for a single employee and shall pay a base premium of \$838.98 for an employee qualifying for family coverage. In addition, effective January 1, 2003, the City will pay 50% of the increase, if any, in the premium above the \$336.51 and \$838.98 base amounts for the lowest cost qualified plan in Marathon County and the employee shall be responsible for the remaining premium amount via payroll deduction. The employee may chose to enroll in any of the qualified plans for Marathon County but shall be solely responsible for any remaining premium resulting after applying the formula above. If the premiums were to fall below the \$336.51 and \$838.98 base amounts, the employee shall not receive a payment of the difference between the base and the actual premium.

5. The Association proposes modifying APPENDIX A, by adding the following new item language:

8. RESCHEDULED SHIFT PAY

If an employee's shift is changed within 24 hours of said shift, the employee shall receive an additional two hours of straight time compensation in addition to his/her regular pay for said shift.

6. APPENDIX A – Wage Increase

- A. The Association proposes that the December, 2001 rate of pay set forth in Appendix "A" of the 2000-2001 Agreement for Patrolman be increased by the following rates:

Effective January 1, 2002: 2.0%

Effective July 1, 2002: 1.0%

- B. The Association proposes that the December, 2002 rate of pay for Patrolman be increased by the following rates:

Effective January 1, 2003: 2.0%

Effective July 1, 2003: 1.0%

...

The City has proposed the following final offer:

Section 8: HOLIDAYS

Each full-time employee shall receive **the following** eleven (11) paid holidays per year:

New Year's Day (Jan. 1)	Veterans Day (Nov. 11)
Memorial Day	Thanksgiving Day
Easter Sunday	Day after Thanksgiving
Independence Day (July 4)	Christmas Eve (Dec. 24)
Labor Day	Christmas Day (Dec. 25)
	New Years Eve (Dec. 31)

If the employee works on the holiday, he/she shall receive one and one-half (1-1/2) time pay for hours worked plus eight (8) hours **of said** holiday pay. **If the employee works overtime on the holiday, he/she shall receive double and one-half (2 ½) times pay for all overtime hours worked in addition to said holiday pay and all other pay.** If the employee is scheduled off on the holiday, he/she shall receive eight (8) hours straight time as **said** holiday pay for the holiday. ~~The holidays are listed in "Appendix".~~

Section 16. WAGES

Effective with the initial payroll period in January, **2002**, to and including December 31, **2003**, employees shall be paid the rates set forth in "Appendix A" to the Agreement. Employees shall be paid on the normal payroll payday for payroll periods as other City employees.

Section 19. CLASSIFICATION AND WAGES

Classification and Wages as per attached "Appendix A" shall be in effect from **January 1, 2002 to December 31, 2003.**

6. HOURLY WAGES

Patrolman	\$19.87 effective January 1, 2002 (3.0%)
	\$20.47 effective January 1, 2003 (3.0%)

8. RESCHEDULED SHIFT PAY

If an employee's shift is changed within 24 hours of said shift, the employee shall receive an additional two hours of straight time compensation in addition to his/her regular pay for said shift. (All boldface in original.)

POSITIONS OF THE PARTIES

The Association contends that its final offer should be selected because it meets all of the statutory criteria; because its offer is supported by external comparables and because its “proposed comparability grouping is preferable to that of the employer”; and because “the City seeks to shift the cost of increases in health insurance upon the employee and thereby causes the employee’s contribution to far exceed that of the majority of the comparable municipalities.” The Association also asserts that its “offer is consistent with historical changes which are the result of a voluntarily bargained deal between the parties”.

The City proposes maintaining the status quo regarding health insurance contributions. It contends that its proposed external comparable pool is “most appropriate”; that the dollar amount paid by the City for health insurance premiums “is a matter for the bargaining table, not interest arbitration”; that the “interest and welfare of the public is not served by allowing the Association to use interest arbitration to walk away from a voluntarily negotiated deal”; that external comparables do not support the Association’s proposal to increase health insurance contributions; that the Association has failed to offer a sufficient quid pro quo in exchange for increasing the City’s health insurance contributions; and that the City’s offer is “more in line with the CPI”. The City also claims that the Association has not provided any evidence that the City has trouble retaining police officers due to its health insurance plan, and that the Association’s offer regarding health insurance contributions is “not equitable or appropriate” because “the continuation of cost sharing is the only fair way to address this issue – it is not fair to force the majority of the increase onto the City.”

STATUTORY CRITERIA

The resolution of this matter turns on the application of Sec. 111.77(6), Wis. Stats., which states:

- (6) In reaching a decision, the arbitrator shall give weight to the following factors:
 - a. The lawful authority of the 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 these costs.
 - d. Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - 1. In public employment in comparable communities.
 - 2. In private employment in comparable communities.
 - e. The average consumer price for goods and services, commonly known as the cost of living.
 - f. The overall compensation presently received by the employees, 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 the parties in the public service or in private employment.

DISCUSSION

Here, there is no issue regarding the lawful authority of the City and the parties have not signed off on any stipulations, which is why this factor has no weight. Nevertheless, their final offers regarding the contract's two-year duration, holidays, and shift pay are identical and thus are not in issue. In addition, there have not been any changes during the pendency of this proceeding which favor either offer, and there are no factors other than those listed above which must be considered when weighing the merits of each offer.

The parties are not that far apart on wages. The Association has proposed a 2% wage increase on January 1, 2002, a 1% wage increase on July 1, 2002, an additional 2% wage increase on January 1, 2003, and a 1% wage increase on July 1, 2003. The City has proposed flat 3% wage increases on January 1, 2002, and January 1, 2003. The City's wage offer is thus actually higher than the Association's wage offer because it generates a bit over 6% in actual wage increases over two years when it is compounded, whereas the Association's wage proposal represents a little over a 5% wage increase over the two years of the contract. (The Association's proposal nevertheless represents a 6% wage lift going into the next contract.)

The City's total package increase is 5.36% in 2002 and 4.57% in 2003 (City Exhibit 7). The Association's total package increase is 6.73% in 2002 and 5.10% in 2003 (City Exhibit 8).

The central issue here centers on health insurance and the Association's attempt to have the City pay a greater share of the health insurance premiums. The City, in turn, proposes the status quo and the current level of premium contributions.

By way of background, the parties for the 1998-1999 contract, (Association Exhibit 27), agreed to contract language stating in pertinent part:

Section 1.1. INSURANCE

...

The City shall pay a base premium of \$204.20 for a single employee and shall pay a base premium of \$516.04 for an employee qualifying for family coverage. In addition, effective January 1, 1999, the City will pay 50% of the increase, if any, in the premium above the \$204.20 and \$516.40 base amounts for the lowest cost qualified plan in Marathon County and the employee shall be responsible for the remaining premium amount via payroll deduction.

...

The parties agreed to this language because the City then wanted to change health insurance carriers to save money, which is why it was then agreed that the Wisconsin Public Employer's Group Health Insurance Program, ("State Plan"), would be the City's carrier.

The parties subsequently agreed to the following contract language for their 2000-2001 agreement: (Association Exhibit 27).

Section 1.1. INSURANCE

...

The City shall pay a base premium of \$220.00 for a single employee and shall pay a base premium of \$530.00 for an employee qualifying for family coverage. In addition, effective January 1, 2000, the City will pay 50% of the increase, if any, in the premium above the \$220.00 and \$530.00 base amounts for the lowest cost qualified plan in Marathon County and the employee shall be responsible for the remaining premium amount via payroll deduction.

...

Here, the parties have made the following proposals on health insurance (City Exhibit 5):

2002	Premiums		Employer Pay		Employee Pay		Employer Percentage Paid
	Single	Family	Single	Family	Single	Family	
Employer Proposal	373.90	932.20	296.95	731.10	76.95	201.10	City pays \$220 for Single/\$530 for Family and 50% of the difference.
Union Proposal	373.90	932.20	336.51	838.98	37.39	93.22	City pay \$336.51 for Single/\$838.98 for Family.
2003	Premiums		Employer Pay		Employee Pay		Employer Percentage Paid
	Single	Family	Single	Family	Single	Family	
Employer Proposal	395.20	983.70	307.60	756.85	87.60	226.85	City pays \$220 for Single/\$530 for Family and 50% of the difference.
Union Proposal	395.20	983.70	365.86	911.34	29.34	72.36	City pays \$336.51 for Single/\$838.98 for Family and 50% of the difference.

The City claims that its offer is preferable because the amount of its health insurance contributions “is a matter for the bargaining table, not interest arbitration”; because the parties in the past have agreed that “the premium increase would be split between the parties”; because “the Arbitrator should continue the practice of letting the City and the Association voluntarily set a contribution amount”; and because, “to force the amount of employer contribution on the City in this case would be a travesty when recognizing the importance of this issue. . .”, i.e. a 58% increase in the City’s premium contributions.

These claims involve a significant issue: What happens when a party to a contract wants to change the terms of a deal which in its view - while good at the outset - has turned out badly over time.

For here, officers got a good deal when they earlier agreed to health insurance changes which enabled the City in 1998 to change insurance carriers and to pay the entire health insurance premiums for both single and family coverage with no employee contributions. Officers in 1999 then paid \$10.19 for single health insurance and \$25.42 for family health insurance (Association Exhibit 25). Officers in 2000 paid \$3.80 for single health insurance and \$25.95 for family health insurance (Association Exhibit 25). Officers in 2001 paid \$20.70 for single health insurance and \$60.55 for family health insurance (Association Exhibit 25). In addition, officers receive excellent health coverage because they only pay for prescription drugs and a co-pay for emergency room visits if they are not admitted. That is why the City calls its plan a “Cadillac” health plan.

Now, the City wants officers to pay \$76.95 for single health insurance and \$201.10 for family health insurance in 2002, and to pay \$87.60 for single health insurance and \$226.85 for family health insurance in 2003. The Union proposes that officers pay \$37.39 for single health coverage and \$93.22 for family health coverage in 2002, and \$29.34 for single health coverage and \$72.36 for family health coverage in 2003. The Union therefore is proposing that its members pay less for health insurance coverage in 2003 than in 2002.

It therefore is not surprising that this dispute has been submitted to interest arbitration, which is an extension of the collective bargaining process. There thus is no merit to the City’s claim that this issue is “a matter for the bargaining table, not interest arbitration”, as acceptance of this claim would in effect prevent parties from proceeding to interest arbitration over issues

which had been mutually agreed to previously. Any doubt of that can be resolved by simply switching the facts around and by asking what would happen if the City wanted to change contract language so its employees had to pay higher health insurance premiums over and above a fixed dollar amount. The City of course could go to interest arbitration over that demand because things change over a contract's duration which is why prior deals – particularly those involving health insurance premiums – can be re-examined when a contract expires.

Nevertheless, what the parties have agreed to in the past is important because it shows what the parties believed to be reasonable at that time and because it also forces the proponent of change to justify why change is needed.

The City similarly argues that “the interest and the welfare of the public is not served. . .” by the Association's offer because the Association is trying to “walk away from a negotiated deal”. The City thus complains that the Association's offer “will place an increased burden on the City for which it has received no real quid pro quo,” and that officers under the Association's “overreaching” offer will actually pay less for health insurance during the duration of the contract.

As for walking “away from a negotiated deal”, that is true whenever parties try to change the terms of a prior contract, which they have the right to do. They also have the right to proceed to interest arbitration when they cannot obtain such contract changes voluntarily. That is why there is such a focus on the merits of their respective positions, rather than on why the parties were unable to agree to a voluntary settlement.

In addition, the parties here successfully bargained in the past over the higher fixed dollar amount officers would have to pay. The Association thus points out that the City's failure to do so here and to insist on the status quo for health insurance with no change to the fixed dollar amount deviates from this bargaining history.

For its part, the Association claims that its offer best serves the interests and welfare of the public because it recognizes "the need to maintain the morale and health of its police officers and thereby retaining the best and most qualified officers", and because "the morale of this unit will not be affected in a positive manner in the event the City's final offer were to be adopted."

In fact, and as the City correctly points out, there is no record evidence to support this claim. Hence, this factor does not weigh in the Association's favor.

As for the City's financial ability to pay for the Association's offer, the City complains that adoption of the Association's offer will result in an increased financial burden.

While it certainly is true that the City will have to pay more for health insurance under the Association's offer, there is no evidence that the City does not have the ability to do so. Indeed, an article and headline in the Mosinee Times dated May 15, 2003, stated: "Mosinee TIF Paid Off, Audit Says City Is In Good Financial Shape" (Association Exhibit 47).

The statutory criteria regarding the cost of living favors the City's proposal because the City's total package increases of 5.36% in 2002 and 4.57% in 2003 is closer to the National Consumer Price Index which was 2.3% in April, 2003 (City Exhibit 67).

Internal comparables do not favor either party. The only other City bargaining unit is represented by Teamsters General Union Local 662 and its members pay about the same amount of health insurance premiums as the officers here. In addition, that bargaining unit is in the midst of an interest arbitration proceeding regarding health insurance, which is why no weight can be given to this factor.

As for external private comparables, the City claims that local private industry supports its offer because unionized employees at Wausau-Mosinee Paper Corporation pay 18% of their health insurance premiums. While Attorney Dean R. Dietrich testified to that effect, he acknowledged on cross-examination that he had no knowledge regarding the wage plans at that company; that the person who gave him that information was not available to testify; and that that collective bargaining agreement was not available. Given all that, I find that there is insufficient evidence to support this claim.

As for external public comparables, there is no well-established comparable group because the parties never before have proceeded to interest arbitration. Hence, the parties disagree over which comparable communities form the best set of comparables.

The City submits that the following communities form the best group of comparables: Colby-Abbotsford, Everest Metro, Medford, Tomahawk, Village of Rothschild, and Spencer. The Association claims that the best group of comparables consists of Stevens Point, Wisconsin Rapids, Marshfield, Everest Metro, Plover, Shawano, Merrill, Rothschild, Antigo, Waupaca, Medford, Tomahawk, New London, Clintonville, Bloomer, Colby-Abbotsford, Nekoosa, and Neillsville.

Since they are either so much larger in population, and/or have law enforcement budgets of over \$1,000,000 (the City's budget here is \$512,500), I find that Stevens Point, Wisconsin Rapids, Marshfield, Plover, Shawano, Merrill, Antigo, Waupaca, New London, and Clintonville are not comparable communities. For as stated by Arbitrator Arlen Christianson in City of Chippewa Falls (Police), Dec. No. 27423-A (4/7/93):

...

Generally arbitrators have stressed geographic proximity and population in deciding which communities are comparable enough to be used in arbitration. Other potential considerations in a proceeding involving a police unit include demographics, crime statistics and the like.

...

Here, "the like" includes the size of a city's law enforcement budget because that generally reflects both the size of a police department, (in this case six full-time officers), and its population base.

Bloomer, Nekoosa, and Neillsville all have law enforcement budgets lower than the City's (City Exhibits 19 and 21). Bloomer, though, is about 118 miles from the City, (Association Exhibit 5B), which is too far removed as a geographic comparable. Nekoosa and Neillsville are about 66 and 58 miles away, (Association Exhibit 5B), thereby making them nearly as close as Medford which is 61 miles from the City. Since the City wants to include Medford as an external comparable, Nekoosa and Neillsville also must be considered as comparable communities.

I therefore conclude that the pool of external comparables consists of Colby-Abbotsford; Everest Metro; Medford; Neillsville; Nekoosa; Tomahawk; Village of Rothschild; and Spencer.

The health insurance premiums for those comparables, (Association Exhibit 17, City Exhibits 20, 21), are as follows:

2002

<u>Department</u>	<u>Type</u>	<u>Monthly Premium</u>	<u>Plan</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
Colby-Abbotsford 80%/20%		875.24	Family	\$700.19	\$175.05
		583.49	Single+1	\$466.79	\$116.70
		291.75	Single	\$233.40	\$58.35
Everest Metro		\$962.14	Family	\$803.05	\$159.09
		\$320.69	Single	\$320.69	\$0.00
Medford	No Single or Family	\$789.65		\$710.68	\$78.97
Neillsville 80% of family	Coverage effective 10-01 to 10-02 Ded	\$939.81	Family	\$751.85	\$187.96
		\$425.14	Single	\$425.14	\$0.00
		\$834.60	Family	\$667.68	\$166.92
		None	Single		
Nekoosa 95% of lowest	State Plan	--		--	--
Rothschild 100% paid		\$439.72	Family	\$439.72	\$0.00
		\$540.19	Single+1	\$540.19	\$0.00
		\$395.57	Single+Dep	\$395.57	\$0.00
		\$248.04	Single	\$248.01	\$0.00
Spencer	No deductibles or copays	\$269.19	Single	\$255.73	\$13.46
		\$650.58	Family	\$618.05	\$32.53
Tomahawk 100% of lowest	State Plan	\$373.90	Single	\$373.90	\$0.00
		\$932.20	Family	\$932.20	\$0.00

2003

<u>Department</u>	<u>Type</u>	<u>Monthly Premium</u>	<u>Plan</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
Colby- Abbotsford 80%/20%	Security Health No ded or copays	\$1,094.93	Family	\$875.94	\$218.99
		\$729.95	Single+1	\$583.96	\$145.99
		\$364.98	Single	\$291.98	\$73.00
Everest Metro 85%/15%	250/500 ded, \$10 ov copay 10/20/30 RX	\$831.54	Family	\$706.81	\$124.73
		\$319.82	Single	\$271.85	\$47.97
Medford	Security Health No ded or copays RX has 20% copay	\$977.67	Family	\$879.90	\$97.77
		\$391.06	Single	\$351.95	\$39.11

Neillsville 80% of family	Coverage effective				
	10-1 to 9-30 HMO No	\$1,081.75	Family	\$865.40	\$216.35
	ded or copay	\$489.34	Single	\$489.34	\$0.00
	HMO 250/500 ded	\$961.78	Family	\$769.42	\$192.36
	no copays				
Nekoosa 95% of lowest	State Plan				
Rothschild	2950/5050 ded but	\$790.92	Family	\$770.92	\$20.00
	employee only pays	\$285.24	Single	\$275.24	\$10.00
	150/300 employer pays	\$454.87	Single+Dep	\$434.87	\$20.00
	difference. \$15 ov	\$621.28	Single+1	\$601.28	\$20.00
	copay, \$40 walk in				
	clinic copay, \$75 ER				
	copay \$10 RX				
Spencer	No deductibles	\$333.81	Single	\$317.12	\$16.69
	or copays	\$732.20	Family	\$696.54	\$36.66
Tomahawk	State Plan	\$365.45	Single	\$365.45	\$0.00
		\$983.20	Family	\$983.20	\$0.00

The City thus ranks near the middle of the range for the payment of single and family health insurance premiums for 2002 and 2003. As for employee contributions, officers under the City's proposal would pay \$76.95 for single coverage and \$201.10 for family coverage in 2002, thereby requiring them to pay the highest percentage of premiums among all the comparables. For 2003, officers under the City's proposal would pay \$87.60 for single coverage and \$226.85 for family coverage, thereby again requiring them to pay the highest percentage of premiums among all the comparables. In addition, the City's offer requires employees to pay much more than three of the comparables, (Rothschild, Spencer, and Tomahawk), which require minor or no contributions, and it requires officers to pay much more than in two other comparables (Everest Metro, Medford). These external comparables favor the Association's proposal on health insurance.

Arbitrator Gil Vernon stated in Buffalo County (Human Services Department), Decision No. 25624-A, (2/24/89):

...

“Certainly the inherent reasonableness of the proposal and its support in the comparables in some cases is so overwhelming that a quid pro quo is not necessary or not much of one is necessary. Thus, how much of a quid pro quo is necessary is determined based on the facts and circumstances of each case and is a judgment call on the part of the Arbitrator.

Basically, the Arbitrator needs to be satisfied that in a real collective bargaining situation – one without the artificial safety net of interest arbitration – that most reasonable parties if in the same circumstances should have settled on the basis of the final offer of the party seeking the major change in the agreement.”

...

Here, given the lack of comparables for such contributions, it is unlikely that the Association would ever voluntarily agree that its members should pay 23% of the family health insurance premium and 22.1% for the single health insurance premium as proposed by the City (City Exhibit 5). Only Colby-Abbotsford and Neillsville require 20% contributions (City Exhibit 17). On the other hand, it also is questionable whether the City would voluntarily agree to pay premium increases of 53% for single coverage and 58% for family coverage as proposed by the Association. This, then, is a rare case because it is impossible to determine what the parties could have settled for in a voluntary agreement.

The City claims “If the City and the Union had wanted to keep the contribution rates at that percentage level, they would have negotiated a specific dollar amount into previous contracts.” The City thus cites Augusta School District (Teachers), Decision No. 26616-A (3/13/91), where Arbitrator James Stern ruled “the use of the dollar figure” in the contract represented management’s effort to make “unions realize that continuation of full payment of the

premium involved an expenditure of additional funds”, and that management thus had “forced unions to recognize the increased cost of the premium is something that must be included in the package being negotiated”.

Here, though, the Association has recognized this fact because its offer provides for higher employee contributions than in the past and because its wage offer is lower than the City’s wage offer in order to help offset higher insurance premiums.

The Association maintains that its offer should be adopted because it has proven that there is a need for change; because its language on health insurance remedies that condition; and because its offer does not impose an unreasonable burden on the other side, hence fulfilling the three-pronged test set forth in such interest arbitration cases as Edgerton School District, Dec. No. 25933-A (Reynolds, 11/89).

Since health insurance premiums have risen so much over the last several years, and since the employee contributions of \$20.70 for single health coverage and \$60.55 for family health coverage in 2001 would rise to \$87.60 and \$226.85 in 2003 under the City’s offer, the Association has met its burden of proving that there is a need for change and that its offer helps remedy that situation.

The Association’s proposal, however, calls for the City to pick up a hefty tab since adoption of the Association’s offer would result in the City paying a package increase of 6.73% in 2002 and 5.10% in 2003 (City Exhibit 8). Such increases are well in excess of the CPI. In addition, officers under the Association’s proposal would actually pay less in premium contributions in 2003 than they would in 2002, that at a time when employees are being asked to pay more and more for their health insurance (City Exhibits 39-66).

Health insurance is but one of the components of overall compensation that must be considered under Section 111.77(6)f., Wis. Stats.

Both parties thus point to different record data in support of their respective positions that the overall compensation here does or does not measure up to the overall compensation found elsewhere. The Association claims that both offers place “the top rate officers in the same place relative to their comparables for both 2002 and 2003”, and that “no benefit elevates any members of the Association to a position giving cause to find its final offer unreasonable.” The City contends that the overall compensation here matches the overall compensation found elsewhere because “this unit has the second highest minimum and maximum wage rate for patrolman”, (City Exhibit 19), and because the fringe benefits here involving vacation days, shift differential, vision insurance, and educational incentive match or exceed the fringe benefits paid in comparable communities.

The various exhibits produced by the Association, (Association Exhibits 9-16), and the City, (City Exhibits 19, 23, 24, 25, 26, 27, 28, 29, and 30), detail the City’s precise ranking for the various components that go into overall compensation. These exhibits establish that the City’s ranking varies from component to component and that the City offers an overall compensation package which is neither at the top nor at the bottom of these comparables.

The wage offers here are in line with the wage settlements in comparable communities which fall within the 3%-4% range (City Exhibit 18).

SUMMARY

In review, the record establishes that there is no issue regarding the lawful authority of the City; that the stipulations of the parties do not affect the merits of either offer, that there have been no changes during the pendency of this proceeding which favor either offer; that there are no additional factors which must be considered; that the interests and welfare of the public will be served by adopting either offer; that the City has the financial ability to meet the costs of the Association's offer; that the CPI supports the City's offer; that internal comparables do not favor either party; that external private comparables do not affect either offer; that external public comparables favor the Association's insurance proposal; and that the overall compensation here is in line with the overall compensation found elsewhere.

This case thus boils down to whether the Association's demonstrated need to pay lower health insurance premiums is outweighed by the overall costs of its package, i.e., 6.73% in 2002 and 5.10% in 2003, and by its insistence that officers pay lower premiums in 2003 than they would in 2002.

Since employees throughout the country are paying more and more for their health coverage, (City Exhibits 39-66), the Association's proposal for lower premiums in 2003 is unjustified. In addition, the total cost of its offer is well in excess of the CPI.

On the other hand, adoption of the City's offer will require officers to pay the largest percentage of health care premiums among the external comparables, which also is unjustified. In addition, the Association has tried to "buy" its insurance proposal by seeking lower wage increases than what the City has offered, but which nevertheless provide the same 6% lift at the contract's expiration.

This case thus boils down to whether the Association has offered enough in lower wage increases to warrant selection of its offer.

If the Association had proposed lower wage increases -- say 2% for 2002 and 2% for 2003 -- and if it did not provide for lower employee contributions in 2003 than in 2002, I would select its offer because that would lower its overall package by about 1%, thereby bringing its offer more in line with the City's offer.

But, I do not have that luxury. The choice thus must be made between the Association's rich package and the City's offer which will require officers to pay the highest percentage of insurance premiums among the external comparables. Neither choice is very palatable, as it involves choosing the least worse of two flawed offers.

I therefore choose the City's offer because the Association's total package offer is so high; because the Association's offer lets officers pay lower premiums in 2003 than in 2002; and because the Association should have asked for lower wages as a trade off for its members paying lower premiums.

In light of the above, it is my

AWARD

That the City's offer for the 2002-2003 contract is hereby adopted.

Dated at Madison, Wisconsin, this 24th day of September, 2003.

Amedeo Greco /s/

Amedeo Greco, Arbitrator