

The City would increase base salary by \$840 bringing total median compensation to \$15,150 or a percentage increase of 8.2%.

Since the inflation rate for wage earners in the Milwaukee area for 1974 can be reasonably predicted to run at 9.4% as measured by the BLS Consumer Price Index, and the cost of a reasonably comfortable lifestyle will range between \$13,211 and \$19,186 (\$16,000 being the mid-point), the arbitrator ought to accept the Association's offer which gives the greater protection against inflation and generates a relatively more comfortable lifestyle.

These officers have demonstrated their right to such consideration through their actual performance of the difficult job of urban policing and their willingness to continually upgrade their skills."

THE CITY'S POSITION

"The City requests the arbitrator to select the last offer of the City. Briefly summarized, the reasons in support of this request are:

1. The combination of a limitation on the City's 1974 budget, which was imposed by law, and a substantial, unexpected increase in pension costs has put the City in an impossible financial situation. The City will be financially unable to meet the cost impact of the Association's wage offer.
2. The City's offer to its Policemen exceeds settlements made with other City employees.
3. The City's offer re-establishes a historic wage relationship between the City's firefighters and policemen.
4. A comparison of wages, benefits and overall compensation of the Wauwatosa police officer under the City's offer with that of police officers in other comparable municipalities places Wauwatosa police officers in an extremely favorable comparative position.
5. Wage and benefit increases granted Wauwatosa police officers in past years as well as those offered for 1974 exceed increases in the cost of living.
6. There is no competent evidence offered to substantiate any increase in workload in Wauwatosa, or that if there was an increase in workload, that it was more than experienced in other municipalities. In fact, crime has increased less in Wauwatosa than in other municipalities, yet wages and benefits offered by the City have exceeded those granted in other municipalities."

DISCUSSION

The City has pleaded the inability to pay the Association's wage demand, based on three factors: 1) An increase in pension costs; 2) Statutory limit on budget increases, and 3) Cost of the firefighters' settlement. The ability to pay is an established criteria in the determination of wage rates and other contract benefits, and the Arbitrator has considered the ability to pay with other factors relevant in establishing reasonable and equitable compensation. The employer's ability to pay is not, in and of itself, the sole reason for establishing wage rates, although it is a significant element properly to be taken into account in determining the weight to be attached to other criteria. 1/ The ability to pay in public-sector arbitration cases is of special significance, because the employer does not have the sources of revenue apart from the taxing power, which has various limitations including the

Since the employer in this arbitration has pleaded the inability to pay, the burden of sufficient evidence to support the plea and alleged inability to pay must be borne by the employer. 3/

In reviewing the evidence presented by the City to support its allegation of inability to pay, the Arbitrator has reviewed the testimony of Lambert R. Tjensvold, City Controller, City of Wauwatosa. Mr. Tjensvold's testimony indicates that the City would only have a projected surplus of just under \$7,000.00 out of a total budget of \$14 to \$15 million dollars for 1974. (Tr. p. 231) The testimony of Mr. Tjensvold, concerning the 1974 budget process, does not reveal any unreasonable or arbitrary budgetary decisions on the part of the City. Likewise, the Association did not present any evidence which indicates unreasonable, arbitrary or capricious decisions on the part of the City in establishing the 1974 budget.

The City, in its brief, has cited recent arbitration decisions concerning the ability to pay in establishing compensation for City employees. The Arbitrator agrees with the position taken by Arbitrator Max Raskin. Arbitrator Raskin states: "It is therefore well not to unduly burden the city finances after the municipal budget has been formulated and the tax rate established." 4/

The factors presented by the City indicating their inability to pay the Association's offer were not materially disputed, and a recent arbitration decision cited by the City also reveals that statutory limitations did prevent municipalities from developing more liberal budgets for 1974. 5/

Police officers' salaries, like other public expenditures, must come from public revenues which are not limitless; and while police officers should not be expected to subsidize the community in its efforts to pay City expenditures, their salary request must be viewed in light of the total community demand for public funds. Also, some restraint in wage demands is advisable especially during this period of extreme economic uncertainty.

In reviewing City Exhibit 11, the offer of the City would amount to the largest total annual compensation of any other police department in the suburban Milwaukee area. The total monthly compensation for a top-step police officer in Wauwatosa would amount to \$1,321.59 per month. A review of City Exhibit 12 also reveals that police officers from the City of Wauwatosa are paid better than police officers in other cities in southeastern Wisconsin. The City's offer is \$118.31 higher than a police officer would receive in Beloit, \$100.42 per month more than a police officer in Janesville, \$153.12 per month more than a police officer in Kenosha, and \$125.00 per month more than a police officer in the City of Racine.

The Association, in its brief, compares the salaries of police officers of the City of Wauwatosa with the salaries of police officers of the City of Milwaukee. The Association also contends that Wauwatosa police officers receive 3.6 per cent less total annual compensation than Milwaukee police officers. The City of Milwaukee operates a major city police department. Procedures used by the City of Milwaukee Police Department are similar to those used in many suburban communities; but that does not necessarily make the Milwaukee Police Department comparable to other suburban departments, even though their boundaries may be contiguous. It is the Arbitrator's position that more comparability exists with the City of Wauwatosa and other municipalities in the suburban Milwaukee area.

During the past year, inflation has eroded the purchasing power of all American citizens; and keeping pace with the cost of living is an extremely difficult, if not impossible, task. The Association presented impressive evidence concerning the cost of living, the rate of inflation, consumer price index and other economical life style information concerning the Milwaukee area. The cost of living, consumer price index and rate of inflation are only some of the factors to be observed in determining a reasonable wage offer and must be weighed with all relevant information.

3/ Restaurant - Hotel Employees Council of San Diego, 11 L A 469, 477
(Aaron - 1948)

4/ City of Oconomowoc and Teamsters' Local 695, WERC Decision No. 12388-A
(Max Raskin - March 1974)

5/ City of Kenosha and Kenosha Professional Policemen's Association, WERC
Decision No. 12500-A (H. Herman Rauch - June 1964)

The City contends, and cited recent arbitration decisions in support of their position, that the Arbitrator must look at only 1973 economic data in order to determine and establish 1974 wage rates. The economic information concerning the previous year should be the primary information considered in determining compensation. But, Section 111.77(6)(g) of the Wisconsin Statutes appears to charge the Arbitrator with the responsibility of observing changes that may take place during pendency of the arbitration proceeding.

The Bureau of Labor Statistics reports that the consumer price index has risen 56% in the past 8 years. This means that several hundred items in a specific "market basket" have risen drastically over that period of time, and it affects consumers differently depending on life style and geographic area. The Bureau of Labor Statistics' reports also show that inflation rose to record levels in 1973 and 1974, but is presently slowing. 6/

In considering all the economic data presented by the parties, it appears as though the City's offer does provide police officers with reasonable protection against the rising cost of living.

The Association offered evidence which reveals an increase in the workload for police officers of the City of Wauwatosa. The Arbitrator has reviewed the increase in crime reported by the State Department of Justice, Division of Law Enforcement Services, and most of the municipalities in the suburban Milwaukee area showed an appreciable increase in the crime rate. The percentage of increase for the City of Wauwatosa was a little less than 90% for 1972-1973, which represents approximately the average rate of increase for all municipalities reported in the suburban Milwaukee area.

Lieutenant Jerold G. Simmons, of the Wauwatosa Police Department, testified at page 90 of the transcript as follows:

"Q. Generally then the type of work performed by Wauwatosa police officers is similar in nature to the type of work performed by officers in other suburban municipalities?

A. Yes, I never said it wasn't. It's just that the amount has increased."

The testimony of Lieutenant Simmons indicates the similarity in workload of the City of Wauwatosa with other suburban municipalities, yet the City's final offer tops the total compensation of all other suburban police departments. The increase in workload in the City of Wauwatosa has not changed to such an extent that it would justify the Arbitrator in rejecting the City's final offer as inadequate.

Considering all of the evidence presented and reviewing the briefs of the parties, the Arbitrator finds that the City's offer is the more reasonable.

AWARD

The Arbitrator selects the final offer submitted by the City granting an increase of \$70.00 per month to be applied to all steps in the salary schedule, retroactive to January 1, 1974.

Dated at Racine, Wisconsin, this 26th day of February, 1975.

Edward E. Hales /s/
EDWARD E. HALES
ARBITRATOR

6/ Labor Law Reports, Report No. 128, January 24, 1975, Issue No. 543, part 2, Commerce Clearing House, Inc.