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 Municipal Interest Arbitration
 of
 CITY OF OSHKOSH
 and
 OSHKOSH PROFESSIONAL
 POLICEMEN'S ASSOCIATION
 re
 Wages & City Contribution to
 Health Insurance, WERC Case XXV,
 No. 21081, MIA-277
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ARBITRATION AWARD
 Arbitrator: James L. Stern

Decision No. 15253-A

BACKGROUND

On December 6, 1976, the Oshkosh Professional Policemen's Association, hereinafter identified as the Association, filed a petition with the Wisconsin Employment Relations Commission (WERC) for resolution by final and binding arbitration of an impasse with the City of Oshkosh, hereinafter identified as the City. A WERC staff member, Douglas V. Knudson, conducted an informal investigation of the dispute on January 18, 1977, and reported to the WERC that an impasse still existed. The WERC thereupon furnished the parties with a panel of arbitrators from which they selected the undersigned arbitrator who was then appointed by the WERC in an order dated February 24, 1977, to serve as the impartial arbitrator and to issue a final and binding award under Section 111.77(4)(b) of the Municipal Employment Relations Act which provides that the arbitrator must select as his award the final offer of one of the parties.

The arbitration hearing was conducted on April 15, 1977, in Oshkosh, Wisconsin. Appearing for the Association was Dennis W. Herrling, attorney of Herrling, Hamilton, Swain and Drengler; appearing for the City was John W. Pence, City Attorney. The hearing was conducted informally without a transcript. The Association submitted several exhibits and presented oral arguments in support of its position. The City submitted a written statement and made additional oral arguments.

STATEMENT OF ISSUE AND FINAL OFFERS

This is an usual dispute because the monetary difference between the two offers is negligible, with the Association offer costing fractionally less than that of the City. Essentially the argument is one which involves the desire of the Association to maintain its autonomy in the health insurance area while the City wishes to introduce a uniform contribution as a first step toward the possibility of unifying the health plans of various public employee groups.

The City offers to increase monthly salaries by \$75 across the board and to increase its contribution to the health insurance premium from \$87.87 per month up to a maximum of \$94.50 per month, an increase of \$6.63. The Association's final position is that monthly salaries should be increased only by \$59 per month and that the City contribution to health insurance should be increased up to a maximum of \$114.50 per month, an increase of \$26.63 per month. The Association exhibit shown below indicates that because of the roll up factor, the \$16 higher wage proposed by the City will increase compensation costs by \$20.328 per month as compared to the \$20.00 increase in compensation costs per man under the Association's insurance proposal. The City does not challenge the Association Exhibit and agrees that there is not a significant dollar differential between the offers.

	<u>City Offer</u>	<u>Association Offer</u>
Wages	\$75.00	\$59.00
Insurance	6.63	26.63
Roll up on \$16.00 Wage Differential	<u>4.328</u>	<u>0</u>
	85.958	85.63

(Roll up Factor is 27.05%)

CITY'S OFFER, IF ACCEPTED, WILL COST CITY .328
 PER MAN PER MONTH X 83 MEN -----
 TOTAL ADDITIONAL COST OF CITY PROPOSAL TO THE
 CITY IS \$326.69.

One further dimension of the Association proposal should be noted. So that the 1978 negotiations will take into account the shift of money from wages to insurance under the Association proposal, the Association proposes the inclusion of the following paragraph in the Agreement:

For calendar 1978 negotiations, it is agreed that the City's contribution toward hospital insurance will be predicated upon a \$94.50 base. Negotiated increases paid by the City above that toward the cost of insurance up to \$20.00 shall be considered not to be a cost of the 1978 negotiation package. Increases less than \$20.00 over \$94.50 shall be subtracted from \$20.00 and the remainder shall be added automatically to wages without costing it as a part of the 1978 negotiating package.

DISCUSSION

The Association position rests fundamentally on the proposition that in the past it has been able to select the type of insurance coverage it prefers and has determined how much of the increased compensation that the employer has agreed to pay will be allocated to insurance and how much will be allocated to salary. The City does not challenge that this has been the case in the past but argues that it should not be continued in the future.

The City wishes to introduce a uniform rate of contribution for the different insurance programs covering differing groups of County, City and School District employees as a first step toward agreement upon a common insurance program. The justification that the City introduces for the development of a common program is that it will be a means of containing rising health insurance premium costs. The City notes that the monthly family WPS premium costs for the Association have risen from \$41.08 in 1974, to \$56.49 in 1975, to \$87.87 in 1976, and to \$120.96 in 1977.

The arbitrator is not persuaded that the formation of one insurance program to cover all employees will in itself restrain rising costs. He acknowledges, however, that there are possible economies of scale and that, through co-ordination of efforts of all bargaining units, some type of program could be worked out that would tend to dampen future cost increases. It is clear that the announced City goal of restraining future cost increases is not one that the Association opposes. But the Association prefers to keep its WPS program rather than to go under the \$94.50 family plan Blue Cross-Blue Shield program which has been chosen by the City and other groups.

The City is not arguing this year that the Association must come under the same plan chosen by other groups and in fact points out that Fire-Fighters and Police Captains have opted for the continuation of WPS-HMP and are themselves paying the difference between \$94.50 and the full premium. The City is arguing, however, that by gaining acceptance from all groups of the \$94.50 contribution, it will pave the way in future years for the development of a common program. The arbitrator suspects that the Association resistance to the City proposal is based not so much on what it does this year but on the belief that it may make it more difficult for the Association

to retain its autonomy on the choice of health insurance programs in the future.

In any event, the decision before the arbitrator in this dispute is not the basic one of whether or not there will be a common insurance program in which the Association will be included but only the preliminary and relatively minor question of whether the Association should be permitted to have a City financial contribution toward the insurance premium which differs from the amount contributed by the City for all other groups.

The arbitrator believes that the City offer is preferable to the Association offer for the following reasons. Where an employer has persuaded the other groups of employees with which it bargains to adopt a uniform contribution toward health insurance, a final remaining group should not be able to use the power of the arbitrator to achieve a result in bargaining that differs from that achieved by other groups unless there is good reason for such a difference.

In this instance, the Association relies essentially on the fact that they have had autonomy in the past. This does not seem to be a sufficiently strong reason when compared to the reason advanced by the City for the change. As has been stated, the City argues that a uniform contribution system is a first step in a program to restrain rising health insurance costs. Whether a common program can be developed in the future and whether it will restrain cost increases appreciably is not known, but continuation of prior arrangements does not in itself outweigh the need to develop plans to meet current problems.

FINDING AND AWARD

Therefore, for the reason noted above and with full consideration given to the evidence and arguments of the parties, and with due regard to the criteria listed in 111.77(6) of the Wisconsin Statutes, the Arbitrator selects the final offer of the City and orders that the offer of the City to increase salaries by \$75 per month across the board and to increase its contribution to the health insurance premium up to a maximum of \$94.50 per month be incorporated into the Agreement.

James L. Stern /s/
James L. Stern
Arbitrator

4/25/77
April 25, 1977