

ARBITRATION DECISION

City of La Crosse

v.s.

La Crosse Professional Police Association
Non-Supervisory Officers

Case No. 21643 MIA-321
Decision No. 15647-A
Hearing Date: September 9, 1977
Decision: October 20, 1977

Arbitrator: Gordon Haferbecker

BACKGROUND

This case involves a wage dispute between the City of La Crosse and the La Crosse Professional Police Association, Non-Supervisory Officers. It concerns the terms of the 1977 contract between the parties.

The parties had seven meetings concerning the contract, beginning September 16, 1976. The Police Association on May 12, 1977, filed a petition with the Wisconsin Employment Relations Commission requesting that the Commission initiate compulsory final and binding arbitration pursuant to Section 111.77(3) of the Municipal Employment Relations Act. Karl L. Monson, a member of the Commission's staff investigated the matter on June 20, 1977 and July 6, 1977. He advised the Commission that the parties were at an impasse on the existing issues.

On July 11, 1977, the Commission initiated compulsory, final and binding arbitration. On July 22, 1977, the Commission appointed Gordon Haferbecker of Stevens Point as the arbitrator.

A hearing was conducted at the La Crosse City Hall on September 9, 1977. The parties agreed to waive a transcript of the proceedings.

The Association was represented by Attorney James G. Birnbaum. Witnesses for the Association were Mr. Jack Frye, Labor Economist, Labor Bureau of the Middle West, Douglas Taylor, Labor Economist and Lawyer, Labor Bureau of the Middle West, and Mr. James Brieske, Patrolman and President of the La Crosse Professional Police Association.

The City was represented by Mr. Jerome Rusch, Director of Personnel, City of La Crosse, Wisconsin.

Both parties submitted exhibits dealing with the issues.

The parties agreed to file final briefs within two weeks after the hearing date. Attorney Birnbaum requested a time extension which was allowed. Briefs were completed on September 30, 1977.

STATEMENT OF ISSUE

While the order certifying the matter to arbitration listed two items, wages and health insurance, the parties stipulated prior to and at the hearing that there was no disagreement on the health insurance issue. The parties had agreed to increase the City's contribution by \$9.64 per month, retroactive to January 1, 1977. Both final offers included the \$9.64 per month but the City's offer did not state whether the increase was to be retroactive.

Thus, the only issue before the arbitrator is the wage issue. The City is offering a \$60 per month per man salary increase. The Association is requesting \$80 per month per man as the increase.

FACTORS TO BE CONSIDERED

The factors which the arbitrator must apply in determining which final offer is more reasonable are delineated in Sec. 111.77(6) Wis. Stats. Section 111.77(6) Wis. Stats. reads as follows:

"(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 prices 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."

In this arbitration questions were not raised concerning the lawful authority of the employer, the stipulations of the parties, the interests and welfare of the public and the financial ability of the unit of government to meet these costs. Therefore, the analysis of the position of the parties will center on the remaining factors specified in the statute.

WAGE COMPARISONS - POLICE

Association Position. Exhibits were presented comparing police salaries in various Wisconsin cities comparable to La Crosse in population (Association Exhibits 23, 24, and 25) and with Wisconsin and Minnesota cities within a 100-mile radius of La Crosse (Association Exhibit 26). In the first comparison of maximum base rates for patrolmen in 1977, the range for the cities (Appleton, Eau Claire, Fond du Lac, Green Bay, Oshkosh, Sheboygan, and Wausau) is from \$1025 for Wausau to \$1153 for Appleton. The City proposal would put La Crosse at \$1,000. The Association proposal would be \$1,020. Both proposals would leave La Crosse in last place, below Wausau at \$1025 and Eau Claire at \$1075. Results are similar in the other comparisons. Only Stevens Point, with a population of 23,996 has a 1977 maximum as low as \$1,004-- similar to the La Crosse City offer of \$1,000. La Crosse has a population of 48,854.

In response to the City's defense that La Crosse is also low in average manufacturing wages, the Association points out that manufacturing accounts for only one-fifth of the labor force and that this is not representative of the economic

health of the community. La Crosse is not an economically depressed area. The unemployment rate is the lowest of any Wisconsin area listed (Association Exhibit 5). La Crosse has recently shown substantial economic progress (testimony of Frye).

The Association also compares State Police Officer 1, State Trooper 1 with La Crosse Officers. The State Officer range is \$890 to \$1,118. For State Police Officer 2 and State Trooper 2, the range of monthly pay is \$947 to \$1,202. These are well above the La Crosse Police range of \$869 to \$940. The State rates were as of July 1, 1977 and a further increase of over 7 1/2% is expected (Association "Outline of Economic Case", p. 6). The duties of the state and local officers compared are similar (Association Exhibit 21).

Employer Position. The City states that because La Crosse is in a geographic area quite removed from metropolitan city influences, it is difficult to compare salaries on a dollar-for-dollar basis.

City Exhibit 9 comparing seven Wisconsin cities shows that the regular annual hours required of La Crosse police are 1950, compared to 2007 to 2080 for the other cities. When longevity pay is taken into account, the City offer to La Crosse police gives an hourly rate of \$6.70 compared to \$6.79 for Eau Claire and a range of up to \$7.04 for the other cities.

The same Exhibit 9 shows average hourly earnings in manufacturing for the same seven cities (June 1977 report) to range from \$5.23 in La Crosse, the lowest, to \$6.43 in Fond du Lac. Eau Claire is at \$6.04; next to the lowest is Beloit at \$5.48. When the hourly rate for patrolmen is compared to average hourly earnings in manufacturing in each city, La Crosse shows the highest percentage differential for patrolmen, 28% (\$6.70 for patrolmen and \$5.23 for manufacturing).

Arbitrator's comments. La Crosse police pay is clearly low in comparison with other Wisconsin cities of comparable size. It is also true that the comparison is less unfavorable when hourly rates and average manufacturing wages are taken into account. It should be noted also that intercity comparisons are somewhat less significant here than in cases where a cluster of cities are in close geographical proximity as for example, Wisconsin Valley cities or Fox Valley cities.

In fringe benefits, the La Crosse police do not seem significantly different from other Wisconsin cities with the possible exception of a shift differential which La Crosse police have and most of the other cities compared do not (Association Exhibit 27). The night shift premium amounts to an additional \$20 or \$25 per month. Eau Claire does not provide a shift differential for police.

La Crosse Police and Fire Fighters

Both parties have given attention in their Briefs and Exhibits to comparisons between the La Crosse police and the La Crosse fire fighters.

Association position. The City's settlement with the fire fighters for 1977 amounts to about 8.8%. This includes a \$60 monthly increase (6.5%), an additional group insurance contribution of \$20 (2.2%) and \$15 additional per year in uniform allowance (.1%). The Association estimates the City's offer to the police at 7.4%. This is comprised of a \$60 monthly increase (6.4%) and an additional group insurance contribution of \$9.67 (1.0%) (Association Exhibit 31).

There has been a longstanding gap between the economic position of the patrolman and the fire fighter in the City of La Crosse (Association Exhibit 31). This disparity between police patrolman and fire fighter is a common occurrence nationally and indeed even in percentages far greater than exist in La Crosse (Association Exhibit 29). To adopt the City's offer would reduce the disparity, contrary to longstanding tradition.

At no time since 1974 have the police patrolman and the fire fighters been treated similarly with respect to health insurance. Now, however, the fire fighters have been brought up to parity with the police on this very important benefit. Thus, the economic differential between the patrolman and the fire fighter is being substantially reduced under the City's proposal.

City position. The City estimates its offer to the police to be from 7.3% to 8.0%. The lower per cent would be the effect on the First Class Patrolman and the 8.0% would be the effect on the Fourth Class Patrolman. The City notes that the \$60 monthly increase will be increased by \$1.80 for the 3% longevity factor, \$3.60 for the 6% longevity factor, and \$5.40 for the 9% longevity factor.

The fire fighters are receiving a larger increase in the health insurance contribution in 1977 but the police received a larger health insurance contribution in 1976 than the fire employees. The final effect of the 1976 and 1977 changes is to provide the same 1977 health insurance contribution to both police and fire fighters, \$88.92 per month.

The fire fighters did receive a small increase in the annual clothing allowance in 1977 but there is still a \$75.00 per year disparity in clothing allowance in favor of the police.

Since 1973 there has been a \$21 dollar differential in favor of the police for the top rated patrolman as compared to the top rated fire fighter. This differential would remain at \$21 under the City's offer but would increase to \$41 under the Association proposal (City Exhibit 8A).

Arbitrator's comments. Taking health insurance into account, the City offer would narrow the police-fire employee differential over recent years although the pay rate differential would remain the same. The differential between the top rates was \$38 in 1972 (Association Exhibit 31). Police gained more in group insurance in 1976 (\$79.28 vs. \$68.92) while fire fighters caught up in 1977 (\$88.71 vs. \$88.92) as shown in Association Exhibit 31.

WAGE COMPARISONS OTHER CITY EMPLOYEES

Association position. The Association rejects comparisons with Local 180 which includes City employees other than fire and police. It contends that these are not essential employees and that they have different schedules and different skills. The statute does not specify such comparisons.

City position. The City points out that members of Union Local 180 earn \$4.38 per hour compared to Police Top Patrol, City offer, of \$6.15 (City Exhibit 8A). Local 180 members received a 31 cent hourly increase for hourly employees and \$53.63 monthly for salaried employees in 1977. They also received a \$20 per month increase in health insurance contribution.

The average 1977 monthly rate for members of Local 180 is \$758.25. There is no longevity in the work agreement.

WAGE COMPARISONS PRIVATE EMPLOYERS

Association position. The Association contends that the relative economic position of the patrolman compared to private employment in the La Crosse community has substantially deteriorated. Hourly earnings of manufacturing employees in the La Crosse area increased over 9% from June of 1976 to June of 1977, from \$4.69 to \$5.12 (Association Exhibit 5).

When a first-class patrolman's salary is compared with the monthly earnings of production workers, the percentage differential in favor of the patrolman has declined over the 1967-77 period. The patrolman had a 19% advantage in 1967 and a 26.5% advantage in 1973. This has declined to 15% under the 1977 Association pay proposal and 12.7% under the City proposal (Association Exhibit 19).

From January 1973 to January 1977, average earnings of production workers in La Crosse increased from \$3.50 per hour to \$5.11, an increase of 46%. The weekly earnings also increased by 46%. From January of 1976 to January of 1977, hourly earnings increased 12.1% and weekly earnings by 10.7% (Association Exhibit 20).

La Crosse salaries for many occupations, some of which may compete with the police department for employees are substantial and have been increasing substantially as well (Association Exhibits 20 and 28).

City position. The City's position is that La Crosse is in a relatively low wage area, in manufacturing pay, at least. This was shown by City Exhibit 9 which was cited earlier under Wage Comparisons-Police. The City contends that comparisons with Madison, Association Exhibit 6, are not pertinent because Madison is not comparable in size, geographic location or pay to the City of La Crosse.

In showing that police salaries, fringe benefits, and working conditions are attractive to prospective employees in the La Crosse area, the City points out that it had about 120 applicants to an advertisement concerning a police officer opening and that police turnover has been very low in the last three years, ranging from 2.4% to 6% (City Exhibits 10 and 11).

Arbitrator's comments. The arbitrator feels that the Association's data on manufacturing wages in the La Crosse area from 1967-1977 is significant. However, I also note some statements in the pamphlet La Crosse and Area Economic Indicators, 1966-76. This is a study by the University of Wisconsin-La Crosse which the Association introduced at the hearing. After reviewing earnings data, the study states: "However, one thing is very clear, La Crosse is a low wage area, both in comparison with the State of Wisconsin and the United States" (p. 30) and "However, the data do indicate that the La Crosse area has been a relatively low income area and will continue to remain so for the foreseeable future, according to the projections included in Table 12 (p. 33). The study indicates that manufacturing earnings increased from 82.7% of the state-wide average in 1972 to 86.2% in 1976." However, this statistic should be interpreted with caution since there has been a great deal of fluctuation in this percentage, as is evidenced by the fact that in 1968 local earnings represented 86.2% of the state-wide average, the same percentage as in 1976 (p. 30).

COST OF LIVING DATA

The statute states that the arbitrator shall take into account "the average consumer prices for goods and services, commonly known as the cost of living."

The arbitrator finds some inadequacies in the cost of living analysis of the parties so he will attempt to examine the facts using the data provided by the parties.

As the Association points out (Association Brief, p. 8) collective bargaining agreements are usually based upon the rise of the C.P.I. over the past contract term. Negotiators and arbitrators are always looking back and bringing the employees closer to what has happened in the past. The Wisconsin statutes provide for this consideration, but in addition, the C.P.I. for the period during which the arbitration is transpiring is also a distinct and relevant factor.

Thus, it is relevant in this case to see what happened to the cost of living in 1976 and what will likely happen in 1977 and to look at the 1976 contract increases and the proposed increases for 1977. Both parties have examined these matters.

During 1975, the Consumer Price Index advanced from 156.1 in January, 1975 to 166.7 in January 1976, an increase of 10.6 which is a 6.8% increase (Data from City Exhibit 2). The City computes the 1976 contract as providing an increase of 9.7%. This included a wage increase of 4%, a health insurance contribution of 3.7%, and an hours reduction valued at 2% (City Exhibit 5). The Association objects to the City's calculation of the percentage of increase for wages and fringes using only wages as a base. The Association claims that this distorts the actual increase and maintains that the only comparative base that may be used must include the value of fringes as well as wages in calculating the percentage of increase (Association Brief, p. 10).

The City's method of calculating the percentage increase is a common practice in negotiations and arbitration. Neither party here tried to compute the base value of wages plus fringes so the arbitrator cannot compare the two approaches. The City does state in Exhibit 1, concerning its 1977 offer which it calculates as a 7.3% increase, that this would result in an additional payroll cost of 26.55% including additional amounts paid to the Wisconsin Retirement Fund and the Employer's social security tax increases.

The Association objects to inclusion of the hours reduction in calculating the 1976 percentage increase. The City counted this as the equivalent of a 2% pay increase but the Association points out that it is of no help in meeting C.P.I. increases. This is true but it is a choice the parties agreed to. It does result in an increase in hourly pay and has economic value. According to the City, the Association was not willing to return to a 40-hour week in exchange for additional salary increases in 1977 (City Brief, p. 3). The hours reduction does have economic value to the police and can properly be counted in the 1976 percentage increase.

The Association points out that while the 1976 contract provided for hours reduction to a 37 1/2 hourly week, it also required officers to report ten minutes before the start of their shift for briefing. These are 43 additional unpaid hours of service. I think this has some significance but the parties did not provide any data as to how many police departments on a 40-hour week also require such briefing time.

The Arbitrator does find the police pay increase in 1976 to be about 9.7% and to be in excess of the 1975 cost of living increase in 1975 of 6.8%.

During 1976, the C.P.I. increased 4.8% (City Exhibit 2). The City calculates its 1977 offer to the police at 7.3% to 8.0%. The pay increase of \$60 per month would be 6.9% for the lower paid patrolman and 6.3% for the higher paid. The additional \$9.64 per month for insurance would be worth 1.1% for the \$869 patrolman and 1.0% for the \$940 patrolman.

The Association in Exhibit 32 calculates the City's wage increase offer at 6.4% and the health insurance at 1% for a total of 7.4%. The parties are not in any substantial disagreement here. A flat dollar increase does result in a range of percentage increases depending upon the salary of each patrolman.

It does appear that the 1977 proposal of the City is well above the 1976 C.P.I. increase of 4.8%. The City estimates the Association proposal as providing for a 9.5% to 10.3% increase, depending again upon the patrolman's individual salary (City Exhibit 1).

It is now October, 1977, and it is reasonable to consider what has happened to the C.P.I. in 1977 since the police contract is not yet settled.

For 1977 the Association projects the C.P.I. increase to be about 8.2% (Association Exhibit 8). The City projects the increase to be about 6.5% to 7% (City Exhibit 2). It is likely that the City's estimate is closer since monthly advances in the C.P.I. have slowed down. The Association stated that its projection was based on a projection of the first half of 1977 rates of increase into the second half.

THE REAL INCOME ISSUE

The Association advances as one of its arguments for an \$80 increase the need for the police to share in the general advances in real income in the economy.

As the Association points out in its exhibits (Association Exhibits 13, 14, 17) real income in the United States has increased over the long run at something like two to three per cent annually. Real income is what dollar income will buy in goods and services. In other words, workers generally have gotten wage increases larger than cost of living increases (to offset inflation) and have made gains in their real standard of living. For example, Association Exhibit 13 indicated that real per capita income in the La Crosse area has advanced 43.9% over the 1959-75 period, or an annual rate of about 2.3%.

The City rejects this approach in its Brief (p. 2) and says "Ideal as these theories (concerning long run productivity increases) may sound, as a practical matter only concrete evidence can be of value in wage determination."

The collective bargaining statute does not mention the real income argument as one of the statutory standards to be considered by arbitrators but it is appropriately considered under 111.77(6) (h) which states "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,"

Employers, both public and private, do often consider data such as that provided in Association Exhibit 13 in determining a fair wage standard. Public employees do expect to share in the long run in the rise in real national income.

It should be noted that in periods of rapid inflation, there may be little or no increase in real income. For example in 1973, the real total private compensation per man hour index was 112.9 (with 1967 as 100) and in 1974, it fell to 111.2, representing a loss of 1.7, in spite of monetary wage increases (Association Exhibit 13, p. 5). Over the period 1967-76, real income as represented by the index advanced from 100 to 113.6, an average of only 1.13% per year (Association Exhibit 13, p. 5). The same study shows an annual increase of 2.6% over the 1947-76 period, in line with the long run trend that economists have noted of a 2% to 3% annual advance in real income.

Turning to the wages of police in La Crosse, have they advanced more than the C.P.I. over the period of January of 1967 to January of 1977? Using data provided in Association Exhibits 4, 8, and 18, it appears that the base rate for first-class patrolmen advanced from \$552 in 1967 to a proposed \$1,000 under the City's offer for January of 1977. This is an increase of about 81%. The C.P.I. advanced during the same period from 98.6 to 175.3, an increase of 76.7 points which calculates to about 78%. Thus, on base salary the police increase would have exceeded C.P.I. changes by about 3% under the City offer. Under the Association proposal, the wage increase would be closer to 85%, and would be about 7% above the C.P.I. increase.

The above calculations, however, understate the real income increase to some extent because longevity pay was added to the schedule and increased (1969 and 1970), the work week was reduced (1974-76), and the City picked up more of the employee's health insurance costs in most years beginning in 1969. The City is now paying \$89 per month toward employee health insurance and apparently most of this pick-up has occurred since 1967 (City Exhibit 6). Had there been no hours reduction or no increase in the City's health contribution, it is reasonable to expect that base wages would have advanced by an equivalent amount. There is, of course, a tax advantage in employees substituting an employer health insurance contribution for the same dollars in pay increase, since the insurance contribution is not part of the employee's taxable income. The employee does have more take-home pay and spendable income if the cost of insurance is shifted from his payroll deduction to an employer expense.

I am not sure of the exact increase in health insurance contributions since 1967 but these apparently have been more than \$70 per month (City Exhibit 6) since 1967. If such a sum had been added to employee pay, the increase from 1967 to 1977 would have been about 94%, compared to the C.P.I. increase of 77% and the employees would show an increase in real income of 17% compared to about 13%, as a national average increase from 1967-76 as cited earlier. Some additional percentage increase should be added for the longevity increases and the hours reduction.

Thus, the arbitrator concludes that the La Crosse police have had wage and benefit increases over the 1967-77 period which offset increases in the C.P.I. and gave them an advance in real income comparable to what other workers were achieving nationally. This would be true of either the Association or the City's wage proposal for January of 1977.

Association Exhibit 19 has been referred to earlier. It compares the first-class patrolman's salary with production workers' wages over the 1967-77 period. It does show production workers wages rising faster than patrolmen's salaries. It does not take into account, however, the addition of longevity pay nor the reduction in hours which the police received during this period. Fringe benefits like health insurance and pension plans are also significant and we do not know whether these have improved more in the private sector than those of the police. Probably many of the production workers do not have both a pension plan and social security as the police do.

CONCLUSION

This is a difficult decision for an arbitrator, because certainly there is merit in the case of each party and neither of the proposed final offers is clearly unreasonable.

My findings are as follows:

1. The Association's strongest argument is in the pay differential between La Crosse police and those of other comparable cities. However, this situation is offset in part by the lower wage level in the La Crosse area, the shorter hours of the La Crosse police and the shift differential, which many of the comparable cities do not pay. It is evident that the La Crosse area continues to be a low wage area and the wage earners are the taxpayers.
2. A major argument for the City is maintenance of the differential between La Crosse police and the fire fighters. The police-fire fighter differential in top pay has been \$21 since 1973 and would remain at that figure under the City's 1977 wage offer. The Association proposal would widen this differential to \$41. It is true that the police have lost some economic advantage that they had over firemen in the City's contribution to health insurance, with the City paying about the same amount in 1977 to the police, the fire fighters, and the members of Local 180. It is good labor relations policy for the City to treat these groups in the same manner on this very important fringe benefit. Therefore, I conclude that the City's offer here is more reasonable and in the interest of stabilizing labor relations internally.
3. In other internal wage comparisons, there is no evidence that the City has not treated the police equitably in comparison with other city employees such as those in Local 180 (City Exhibits 6, 7, 8).
4. The City has shown that police employment is attractive to local residents as shown by the number of applications for a vacancy and by the low turnover rate.
5. An argument in favor of the Association wage position is that manufacturing wages have advanced faster in the La Crosse area than police wages. This is true but it is offset in part by the gains that police have made in longevity pay and by their reduction in hours.
6. On the matter of the cost of living, the evidence favors the City. The 1976 and 1977 improvements in wages and other benefits, under the City's offer, have exceeded the cost of living increases for the preceding year. Over the ten-year period 1967-1977, to January 1, the wage and other benefit increases have offset rises in the C.P.I. and have provided some additional increase in real income.
7. It is apparent that the rise in the C.P.I. will probably be greater in 1977 than in 1976 but I think that this can be better provided for through 1978 negotiations rather than by an immediate additional adjustment to police pay beyond what the City has offered. It should be noted also that 1976 increases and the City's proposed 1977 increase do exceed the C.P.I. rise for the previous year.

On the basis of all of the above, the arbitrator concludes that the City offer conforms more nearly to the guidelines set forth in Section 111.77(6) of the Wisconsin Statutes.

AWARD

The City's final offer of a \$60 per month general wage increase retroactive to January 1, 1977 is selected.

Gordon Haferbecker /s/
Gordon Haferbecker, Arbitrator

October 20, 1977