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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

 In the Matter of an Arbitration
 between
 CRAWFORD COUNTY
 and
 CRAWFORD COUNTY SHERIFF'S DEPARTMENT,
 LOCAL 1972, WCCME, AFSCME, AFL-CIO

Case 45
 No. 38448 MIA-1212
 Decision No. 24500-A

Appearances:

Mr. Dennis M. White, Attorney, Brennan, Steil, Ryan, Basting & MacDougall;
 representing the County.

Mr. Daniel R. Pfeifer, Staff Representative, Wisconsin Council 40, AFSCME,
 AFL-CIO; representing the Union.

Before:

Mr. Neil M. Gundermann, Arbitrator.

ARBITRATION AWARD

Crawford County, Wisconsin, hereinafter referred to as the County,
 and Crawford County Sheriff's Department, Local 1972, WCCME, AFSCME, AFL-
 CIO, hereinafter referred to as the Union, reached an impasse in the negotiation
 of wages for the year 1987. The Wisconsin Employment Relations Commission
 was petitioned to initiate final and binding arbitration, and pursuant to
 Section 111.77(4)(b) of the Municipal Employment Relations Act, the undersigned
 was appointed as the impartial arbitrator. An arbitration hearing was held on
 August 14, 1987 at the Crawford County Courthouse in Prairie du Chien,
 Wisconsin, and the parties filed post-hearing briefs.

PARTIES' FINAL OFFERS:

County's Final Offer:	0% wage increase for 1987
Union's Final Offer:	3% wage increase effective 1/1/87
	2% wage increase effective 7/1/87

UNION'S POSITION:

It is the Union's position that its final offer is the more preferable of the two final offers under consideration by the arbitrator. Although the County contends that ability to pay is an issue in this case, the Union argues that the evidence does not support such assertion.

For the first time the County Board members will receive a \$20,000 per diem. The appropriation for the County Board's function has increased from \$36,127 in 1986, to \$59,051 in 1987--an increase of 63%. The County's explanation for the increase is the alleged movement of monies from departmental budgets to the County Board's budget. However, the Union submits that in reviewing the budget it could only find \$5,100 of such monies. If this \$5,100 is deducted from the \$20,000 per diem, there is still a substantial increase in the County Board's compensation considering it is claiming financial hardship. There was no evidence submitted which would explain the necessity for allocating this new money.

The Union notes that the budgets of certain departments have been increased. In the 1987 budget the County Clerk received a 3.7% increase, even though the expended allocation for 1986 was \$4,000 under budget. Both the District Attorney's Office and the Register of Deed's budgets include \$1,000 increases in the salary budget line, even though their overall budgets are substantially different. Nevertheless, the budgets do allow for an increase of 2.5% over the year. Similarly, the Courthouse budget line allows for a 3.5% salary increase. With some of the positions vacant, there will be a substantial savings.

The large increase in the County's budget appears in the property and liability insurance. The insurance increase was \$100,000 over that which was appropriated for the previous year, but only \$10,000 over the actual cost. If the insurance increase is based on experience, what basis is there to believe that the insurance will stay at the same high level?

The Union notes that the budget provides a contingency fund of \$35,000. This is the same level of funding that was given in 1985 but was not spent. Apparently the unspent monies were not carried over into 1986, but rather were placed into the general fund.

The Union does not dispute the fact that the elimination of Federal revenue sharing resulted in a loss of \$200,000 for the County, however the Union

notes that \$20,000 of that loss was made up by the State. The Union also contends that several revenue sources have been significantly under-reported. The Register of Deeds reported \$49,000 in fees in 1985. In 1986, the County expected \$20,000 in fees, and it took in \$30,747 the first eight months. For 1987 the County estimates that \$30,000 will be received. The Union contends the County will probably receive \$10,000 more than the estimate.

The Union notes that in County Exhibit 18 there is a page entitled "Pertinent Factors As Related To The 1987 Budget." Under General Fund, it states:

"The current balance in the General Fund is approximately \$400,000 and this fund should be retained for covering deficiencies. The county auditors have advised that funds should not be relied on from this account to adjust a budget."

The Union emphasized that there was no testimony from auditors at the hearing, and thus this statement can be considered hearsay. The Union also claims that the \$400,000 in the general fund, combined with \$35,000 in the contingency fund and the \$14,900 increase in the County Board's budget belies any claim that the County does not have sufficient monies available to fund the salary increase sought by the Union.

The general fund shows a \$150,000 loss to the County. The County's current general fund is equal to almost 40% of its non-levy revenues. The Union suggests that one of the problems with the County is that in the late 1970s when land valuations were skyrocketing the County was keeping more than 100% of expenditures in reserve. When the economy became worse, the County started to spend this reserve. The County now argues that because its reserve has declined it does not have sufficient funding to fund wage increases.

The mill rate that was adopted is 6.124. While this may be considered high, the County could have reduced the mill rate by simply transferring some of the \$400,000 fund balance.

The Union notes that the County had a judgment of approximately \$300,000 against it because of an EEOC case. One would hope that this would not occur again; however, a large part of the general fund was lost due to the County's own actions.

The Union argues that while the County has suffered from lost revenue sharing, the devaluation of property, and increased premiums for liability insurance,

other counties have experienced similar difficulties. This is the only county, however, which is arbitrating a wage freeze for 1987.

The Union concedes that an agreement was reached with the County Highway employes for a wage freeze for 1987, however that agreement should not be considered by the arbitrator in the instant dispute. The Union took a wage freeze in the Highway Department in order to provide for job security, i.e., no layoff of employes during the term of the agreement. The County has not offered such a provision to this bargaining unit.

The evidence establishes that the 1986 average wage for the Sergeant's position at the starting rate for the comparables is \$1,578 per month as compared to \$1,573 per month for the County. The County ranks 4th out of 6 comparables. The average maximum salary is \$1,612 as compared to \$1,573 for the County, which ranks the County 4th out of 6 comparables.

A review of the wages for the Deputy's position establishes that the average starting rate of the comparables is \$1,414 per month as compared to \$1,312 per month for the County. The County ranks 7th out of the 9 comparables. The average maximum rate is \$1,514 as compared to \$1,446 for the County, and the County ranks 7th out of the 9 comparables.

For the classification Radio Operator, the average starting wage is \$1,336 as compared to \$1,285 in the County. The County ranks 6th out of the 9 comparables. The average maximum rate is \$1,439 as compared to \$1,418 for the County. The County ranks 4th out of 9 comparables at the maximum. It is further noted by the Union that Prairie du Chien Radio Operators do not possess powers of arrest, yet they make only \$26 per month less than the Radio Operators in the County. In the County the Radio Operator is also a jailer, whereas the City of Prairie du Chien does not have a jail.

The County offered an exhibit which compared a private sector employer in Prairie du Chien. The Union takes the position that private sector comparables are not primary comparables, and furthermore, the facility is not represented by a union. Therefore the employes have little or no say over their wages and fringe benefits.

The evidence introduced by the Union shows the actual cost of 1987 settlements for the comparables, and it shows that other comparables are receiving a wage increase for 1987. While the County's data

indicates that the Lafayette County Sheriff's Department employes received a 0% increase for 1987, a step-grade schedule was implemented for 1987 which the Union was informed generated a 1.9% increase.

According to the Union, the evidence establishes that the wages in the County are behind those of the comparables, and the County employes deserve a "catch-up" wage increase rather than a wage freeze.

The Union also argues that the County's evidence does not really support the actual costs involved in the proposals. In a prior arbitration hearing the County took the costs of all positions which were included in the budget without giving consideration to the impact of layoffs. As a consequence, the County's costing of the other arbitration case currently pending is not an actual reflection of the costs to the County, even if a wage increase is granted. In looking at the final offers before the arbitrator in the instant dispute, the Union costs its 3% increase effective 1/1/87 to be \$6,811.33, and its proposed 2% increase effective 7/1/87 to be \$4,677.12. The Union also notes that in actual wages the County would pay less in 1987 under the Union's proposal than it paid in 1986. Additionally, because of an eliminated position, the County would pay less in fringe benefits. The Union submits that under such circumstances, and especially considering the freeze offered by the County, its position is more reasonable.

For the above reasons the Union respectfully requests that the arbitrator award the Union's final offer.

COUNTY'S POSITION:

It is the County's position that under the circumstances involved in the instant dispute its final offer is the more reasonable of the final offers before the arbitrator. The parties agree on the eight comparable municipal units; these are primarily rural areas in the southwestern corner of the State. Among the seven comparable counties, the County ranks last in population, last in per capita adjusted gross income, and last in general property assessment values.

In the last few years there has been a dramatic drop in property values in the County brought on by the farm crisis. This drop in value has occurred even as the County's budget has been increasing. At the same time, land values have declined substantially in the County. The property value decline coincided with the loss of \$200,000 in 1987 in Federal revenue sharing and a substantial

loss on interest investments. Additionally, liability insurance premiums increased by \$100,000. The total loss of revenue in 1987 as compared to 1986 is estimated to be \$444,500. Moreover, delinquent property taxes have risen from \$569,000 in March 1985, to \$897,000 in March 1987.

The County's ability to increase taxes to offset the recent revenue loss is severely restricted. The County has already increased its mill rate in each of the past four years, including a 37% increase from 1985 to 1986. The County has the ninth highest property tax burden in the State, even though it is the third poorest county. Only Richland County has a higher tax burden among the comparables. The County already has the third highest mill rate among the comparables.

Due to the decline in the economy, in 1987 the County for the first time in its history borrowed money to meet its budget. The County borrowed \$504,617 in March 1987 to meet current cash flows, and although the notes were repaid, it reflects the precarious financial situation of the County. The County had hoped to save \$140,000 in wages through layoffs of Union and non-Union employees, however the impact will be less this year due to unemployment compensation payments.

Section 111.77(6) establishes various criteria by which the arbitrator must evaluate the final offers of the parties. One of the factors is the interest and welfare of the public and the financial ability to meet the costs of the Union's proposed offer. The County is contending that it has an inability to pay the Union's demand without harming program expenditures or without increasing taxes to an even more unacceptable level in 1987. The Union's proposal would lead to an increase of \$15,629 in this bargaining unit alone. Longevity benefits affected by the Union's proposal would also increase \$238. The increase of \$15,867 in this unit in 1987 would come at a time when the County already has a short-fall of \$444,500 compared to 1986, has had a dramatic increase in delinquent taxes, and was in a situation where it had to borrow to meet the budget. The 1987 budget already increases the mill rate from 4.654 to 6.124, therefore it is not feasible to raise taxes even further to meet the Union's demand.

A wage freeze for 1987 would be comparable to what has occurred in 1987 with employees of Design Homes, a large employer in Prairie du Chien. A comparison with private employers in the same community is also a factor for consideration under Section 111.77(6)(d).

The County urges the arbitrator to consider the internal comparison to other units. Great weight ought to be given to the fact that the Highway Department bargaining unit has accepted a wage freeze for 1987. Although the Highway unit agreed to the freeze to roll back layoffs, only one position was saved by the settlement. The Highway employees were therefore cognizant of, and responding to, the difficult financial straits of the County. The settlement is a one-year settlement as is sought here.

Although the parties differ slightly in their interpretation of the settlements reached in other comparable units, there is no doubt that the County's final offer is lower than any comparable unit. However, the evidence establishes that the County has the lowest property assessment value and one of the highest mill rates. These factors are the two most reliable factors for comparison of economic ability between municipal units. Thus, even though other counties have also been hit by the farm crisis, the evidence indicates the County is least able to cope with it economically.

The Union's final offer effectively raises the wage rates by the end of 1987 by 5%. The Union's final offer almost doubles the currently negotiated settlements in Grant, Iowa, Lafayette, and Monroe Counties and will substantially exceed the settlement in Juneau and Vernon Counties and the City of Prairie du Chien. No testimony was offered by the Union at the hearing to justify this high proposal.

The County submits that where a Union's proposal is too high in comparison to average settlements, and the Employer's proposal is too low, then neither offer can be favored and the arbitrator should look to other statutory factors as a basis for his decision. In this case, the internal comparison to the Highway Department and the Employer's financial problem should tip the scales in favor of the County.

The County notes that it pays 100% of the health insurance premiums and those premiums increased \$11.42 monthly for 1987. This constitutes a .7% increase in the average base pay with longevity of \$17,875. This .7% increase compares closely to the 1.1% increase in the CPI in 1986. In contrast, the Union's final offer exceeds the 1986 CPI increase. The evidence further establishes the Union has consistently outpaced increases in inflation in recent years so that a "catch up" is unnecessary and further advance over the CPI is unwarranted.

The County argues that employees in this bargaining unit are already paid well compared to other comparably situated employees, despite the County's last-place ranking in income. The County's proposal will basically maintain the comparative ranking of employees in this unit with employees in other municipal units, while the Union's proposal will push the County's ranking higher.

From the perspective of wages, the employees also ranked well in 1986 in comparison to the County's last-place income ranking among comparable municipal units. For the classification Deputy, the County is 7th out of 9 for 1986, 4th out of 9 for Dispatcher/Jailer, 4th out of 5 for the rank of Sergeant, and 3rd out of 5 for the Secretary classification. If a wage freeze were to be implemented, the County employees would still retain their relative ranking in three of the four major categories, with a one-step ranking decline in the Secretary category. In none of the categories would the County fall below 7th of 9. The relative stability of ranking even with the wage freeze is explained by the fact that there is a considerable gap between the top-paying and lower-paying counties, and the County has been in the middle of that gap. In contrast, the Union's proposal would push the County higher in ranking in two of the four categories, while also creating a one-step decline in ranking of the Secretary position.

Given the County's last place ranking in population, income and property values, the Union's position is not supported by the evidence.

The increases over the CPI in past years, along with stability of ranking under the County's proposal, justifies a slowdown of wage increases in 1987. This would allow time for cost cutting to take effect and hopefully other sources of revenue will be found. The slowdown would then be lifted in 1988.

In concluding its arguments, the County contends it has a serious financial problem which it is trying to address in 1987 by a wage freeze and layoffs. The Union has countered with the highest wage offer of any comparable unit. The County requests that the arbitrator select the County's final offer as the more reasonable.

DISCUSSION:

The area of dispute in this case is limited to the issue of wages, with the County proposing a wage freeze for 1987 and the Union proposing an increase of 3% effective 1/1/87 and an additional 2% effective 7/1/87. The parties are in agreement as to the appropriate comparables which include seven counties and the City of Prairie du Chien. The counties include Grant, Iowa, Juneau, Lafayette, Monroe, Richland and Vernon.

For the Deputy classification, the County ranks 7th of 9 at both the starting rate and at the maximum rate. For the Sergeant classification, the County is 4th of 6 at both the starting rate and at the maximum rate. For the Radio Operator classification, the County ranks 6th of 9 at the starting rate and 4th of 9 at the maximum rate. Although the rankings include the 1985 rates for Iowa County, it is doubtful that the 1986 rates for that County would materially effect the rankings. Based on the evidence, it must be concluded that the County ranks in the lower half of the comparables at both the starting and maximum salaries for the three primary classifications of Deputy, Sergeant and Radio Operator.

There are some discrepancies in the evidence provided by the parties regarding the settlements for 1987. The following table reflects the parties' evidence.

<u>County</u>	<u>Union's Figures</u>	<u>County's Figures</u>
Grant	2% (3% Clerk)	2.5%
Iowa	2.5%	2.6%
Juneau	3.5% ¹	1.45%
Lafayette	1.9% ²	0%
Monroe	2.67% to 3.24%	2.8%
Richland	Impasse	Impasse
Vernon	4% (2nd year)	5% (2nd year)
Prairie du Chien	4% (2nd year)	4% (2nd year)

1. Hours reduced by 3.5%, salaries remain at 1986 rates.
2. Salaries remain at 1986 rates, movement within salary schedule amounted to 1.9% increase.

Two of the settlements, Vernon County and Prairie du Chien, represent the second year of multi-year agreements. There is a dispute regarding Lafayette County, with the County claiming there was no salary increase and the Union claiming there was progression within the salary schedule generating an increase of 1.9%. Both parties may be technically correct in their respective analyses of Lafayette County. In any event, the discrepancies are not so pronounced as to preclude an analysis of the increases granted in the comparable units.

If the Union's figures are averaged (taking the mid-point in Grant and Monroe Counties), the average increase would be 2.98%. The average of the County's figures is 2.62%. The .36% difference in the figures is not controlling in this case.

It is apparent from the figures that the increases granted by the comparables, while not really supportive of either party's final offer, tend to weigh more favorably in support of the Union's final offer. The average increase is greater than the freeze proposed by the County and less than the increase sought by the Union. While an argument can be made that the comparables favor the Union's final offer as it costs 4% which is closer to the average than is a freeze, the net impact of the Union's final offer is to raise wages by 5% at the end of six months which significantly exceeds the settlements in the comparables.

The Union seeks to justify an increase of this magnitude on the basis the County is lagging a number of the comparables. While it is true that the County is in the bottom half of the comparables, no evidence was presented to show that the County's historical relationship to the comparables has changed over a period of time justifying an increase of the magnitude sought by the Union to reinstate its former relative position.

Arbitrators frequently look to internal comparables--other settlements arrived at between the employer and its unions--in evaluating final offers. This is frequently the first comparable considered, and becomes increasingly relevant where the external comparables do not clearly support either final offer.

The Highway Department employees reached an agreement with the County which included a wage freeze. It is argued by the Union that the agreement between the County and the Highway Department employees is irrelevant in the instant proceedings because that settlement guaranteed there would be

no layoffs during the term of the agreement and the County's final offer in this case contains no such guarantee. It is true that the County's final offer in this case contains no guarantee against layoffs, however, there is no evidence to indicate that the Union was seeking such guarantee as the quid pro quo for a wage freeze. The fact is there is another bargaining unit with whom the County has reached an agreement and that unit has accepted a wage freeze. Consequently, the internal comparables support the County's position.

In support of its position, the County has raised the issue of ability to pay--one of the statutory criteria. Specifically, the County notes that it has sustained both a substantial loss in revenue (Federal aid), and a substantial increase in costs in the form of liability insurance. These two factors alone represent approximately \$300,000, a significant amount when compared to the County's total budget appropriations for 1987 of \$3,269,612. The Union argues persuasively that the County can fund an increase in the amount of the Union's final offer. The undersigned is persuaded that if ordered to do so, the County could find the funds to finance the increase for this bargaining unit. However, the availability of funds is not the sole criterion in determining ability to pay. Cities and counties don't very often simply go out of business--they pass on their costs to the taxpayers.

In this case the County has done precisely that by adopting a tax rate of 6.124 mills, among the highest in the State. The County also has the lowest property assessment value of the comparables. This indicates the County has demonstrated a willingness to tax to provide services and maintain salary levels. It is noted by the Union that the County has a substantial reserve that could have been used to reduce the mill rate. The County does have a reserve, but it is essential that the reserve be maintained to offset such circumstances as tax delinquencies.

Another highly relevant factor to be considered is the cost of living. For the period December 1985 to December 1986, the National CPI for all items urban was 1.1%. This was the cost of living at the time the parties would have been negotiating their 1987 agreement. While the CPI is not the sole criterion to be considered by the arbitrator, an increase approximately five times the CPI is not supported by that criterion.

It is argued by the County that it pays 100% of the cost of health insurance and as a result of an increase in the premiums the County has effectively given employees a .7% increase. This, the County notes, is over half the rise in the CPI which was 1.1%. The significance of such increase is limited by the lack of additional evidence. While the County does pay 100% of the single and family premiums, and the comparables pay somewhat less, there is no evidence regarding what, if any, increase was experienced by the comparables. In the absence of such evidence, no judgment can be made as to the significance of the increased premiums paid by the County.

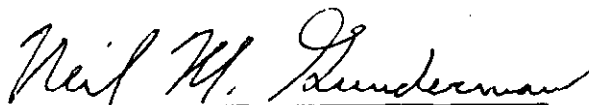
The Union argues that with the reduction of one position, and the increased productivity expected of the employees, the County now has the money and should pay the proposed increase. While the undersigned can appreciate the logic of such argument, laying off employees and increasing productivity are ways of cutting costs. The County has used this means in an attempt to cope with reduced revenues and increased expenses. One cannot then simply say that these monies are now available for wage increases, especially where it is clear that the County is facing severe financial difficulties.

Based on the entire record, it is the opinion of the undersigned that under the particular facts of this case, the County's final offer is to be preferred over that of the Union based on the statutory criteria. Neither final offer is supported by the external comparables; however, the internal comparable, the Highway Department settlement, supports the County's final offer. Additionally, the Union's final offer exceeds the cost of living as measured by the CPI. In contrast, the County's final offer of a freeze is only 1.1% below the cost of living as measured by the CPI for the twelve months prior to the effective date of the agreement. The County has demonstrated a willingness to tax to support services and existing salaries as is evidenced by the County's high mill rate. The County has experienced a significant loss of revenue and significant additional cost for the period in dispute. It must also be noted that the wage freeze is for one year. These are factors that lead the undersigned to conclude the County's final offer for 1987 should be awarded.

After having given due consideration to the applicable statutory guidelines, the undersigned renders the following

AWARD

That the County's final offer of a wage freeze for 1987 be incorporated into the 1987 collective bargaining agreement.



Neil M. Gundermann, Arbitrator

Dated this 10th day
of November, 1987
at Madison, WI.