In the Matter of an Arbitration between CITY OF RICE LAKE (Police Department) and NORTHWEST UNITED EDUCATORS	Case 42 No. 44726 MIA-1544 Decision No. 26836-A

Appearances:

Mr. Stephen L. Weld, Attorney, Weld, Riley, Prenn & Ricci; representing the City.

Mr. Alan D. Manson, Executive Director, Northwest United Educators; representing the Union.

Before:

Mr. Neil M. Gundermann, Arbitrator.

ARBITRATION AWARD

The City of Rice Lake, Wisconsin (Police Department), hereinafter referred to as the City or Employer, and the Northwest United Educators, hereinafter referred to as the Union, were unable to reach agreement on the terms of a new contract. Pursuant to Section 111.77(3) of the Municipal Employment Relations Act, the matter proceeded to arbitration. The undersigned was selected to serve as arbitrator and was so appointed by the Wisconsin Employment Relations Commission. An arbitration hearing was held on May 29, 1991 in Rice Lake, Wisconsin, and the parties filed briefs and reply briefs which were exchanged through the arbitrator. Reply briefs were exchanged on August 26, 1991.

ISSUES:

1. Wages

City: Increase wages by 3.5% effective January 1, 1991, and create utility classification to be included in the protective service retirement fund.

Union: Increase wages by 4.0% effective January 1, 1991, and create utility classification to be included in the protective service retirement fund.

2. Health Insurance

City: Revise Article XIII - INSURANCE, Paragraph A to read as follows:

Hospital and Surgical. The City agrees to pay up to $309 per month for family coverage and up to $121 per month for single coverage for each employee's health and welfare insurance policy. The City may participate in the State insurance group. The City may also change the insurance carrier to another provider provided the insurance coverage under the new carrier is substantially equivalent to the current coverage. The City will explore possible implementation of a Section 125 plan.

Union: Revise Article XIII - INSURANCE, Paragraph A to read as follows:

Hospital and Surgical. The City agrees to pay a dollar amount equal to the total family premium of the base health insurance plan, or of the least expensive family HMO option, whichever is greater, toward each employee's family health and welfare insurance policy; the City will pay that same dollar amount toward the family premium of any other health insurance option; the City will pay the total premium of each employee's single health and welfare insurance policy. The City may change the insurance carrier or carriers provided the insurance coverage and benefits of the present program are not reduced.

UNION'S POSITION:

It is the Union's position that its final offer is to be preferred over the final offer of the City. For the third time in a five-year span, the Union and the City are using the decision-making authority of an interest arbitrator to settle a contract. In 1987 with Arbitrator Rice, in 1990 with Arbitrator Krinsky, and in the

instant case for 1991, the main topic in dispute has remained the same--health insurance provisions.

The City has four other groups of represented employes, including firefighters, the street crew, the electric utility and the water utility. The City offered incentives to these units to have them give up such items as mutual consent for changes in carrier, to have the contract specify a dollar amount rather than state the Employer would pay the full premium, and to have all the bargaining unit members agree to not use an HMO option.

In 1989, when the dollar amount was less than the base plan full premium, the City offered to pay the full premium, still expressed as a dollar amount in those contracts, provided the agreement included no HMO options. The resulting agreements left the police officers as the only ones participating in HMO options. The resulting agreements also resulted in less than full premium payments for insurance in the second year. In 1991, the City is generally paying $285.20 of a $295.25 monthly family premium for other employes. At the time when other employes bargained away their right to participate in HMO options, about one-third of the other City employes were already in the base plan, compared to the police unit where all were still in the HMO options.

In 1987, Arbitrator Rice established the prime comparables and selected the Union's final offer, which maintained the Employer's full payment of health insurance premiums and the provision requiring mutual consent for changes in the carriers. The primary comparable group approved by Rice consisted of the police contracts in the cities of Altoona, Hudson, Menomonie, New Richmond,

Rhinelander and River Falls. All had 100% health insurance payments by the employer in 1987.

The 1988-89 police contract was settled voluntarily. The parties agreed to continue fully paid health insurance. Part of that agreement provided that during the term of the contract the carrier/coverage could be changed without the Union's consent providing certain standards were met. The contract expired without any changes being made.

In 1990, the second arbitration took place. The City proposed a dollar amount for a one-year contract which was sufficient to pay the full single and family premium of the base plan and the least expensive of the two HMO's. The City also proposed to remove the mutual consent provision from the language and replace it with language allowing the Employer to unilaterally change the carrier provided the benefits were "substantially equivalent."

An essential part of the Employer's offer was an additional .5% percent for the 1990 wage increase. The Union proposed a 4% wage increase, which was the average among the comparables. The City offered a 4.5% wage increase, arguing to the arbitrator that the additional .5% was part of the *quid pro quo* for its insurance language change. The City also emphasized in its brief that its insurance proposal contained the rest of the *quid pro quo* by providing for two fully paid insurance plans, the base and the least expensive HMO.

Arbitrator Krinsky affirmed the comparables approved by Rice. Krinsky selected the 1990 City offer with an important finding being that the aforementioned .5% boost in wages combined with a

continuing choice of health insurance at no cost to the employes made up a reasonable *quid pro quo*. Krinsky found that the Union's mutual consent language was more favorable. He also stated that the basic comparables supported the Union's proposal to continue full insurance payments by the Employer even while referring to the above median cost of health insurance to the City.

But, Krinsky observed that the City's 1990 final offer was to be viewed favorably because the gap between the insurance payments to police and others employed by the City was $80 under the Association's offer and $70 under that of the City. In the instant case, the Union's offer diminishes the $70 gap to $47.80 between the highest insurance amount paid for a police officer and the amount paid for all other employes who have the base plan. The City's offer would reduce the gap to a $23.80 difference, but it does so by freezing the insurance costs to the City in 1991, thereby requiring all but two of the police officers to pay the full increase in insurance premium costs for 1991.

The Union believes that Krinsky selected the City's offer because it contained as a *quid pro quo* a .5% wage boost in conjunction with an insurance offer which guaranteed that the Employer would continue to pay the full insurance premium for two of the three plans, including the base plan and one HMO.

The Union asserts that its offer for 1991 is much more consistent with the Rice/Krinsky standards than is the City's offer. The Union's offer maintains full insurance payment for two of the three plans, making those who choose the most expensive HMO option pay for the difference between that plan and the least expensive

HMO. More significantly, the Union's offer continues to reduce the disparity between the insurance payments paid by the City for the police and other City employes--from $70 per month per employe in 1990 to less than $48 per month per employe in 1991. The 1991 Union offer reduces the disparity by $20, which is considerably more than the Employer offer reduced it in 1990 under Krinsky's decision.

The Union's offer maintains the management right to unilaterally select the carrier, but requires the language standard to be more consistent with the comparables for such changes. And, just as the Union's offer keeps all the basic elements of the City's 1990 insurance offer selected by Arbitrator Krinsky, it also maintains an average wage increase and thereby keeps the .5% portion of the 1990 *quid pro quo*.

The Union accepts the concept that the most expensive HMO option be paid for in part by the employe selecting it; that the City be able to change the carrier without a vote of the Union; and that there be an additional .5% wage increase in this transaction.

By stark contrast, the City's final offer carries with it two changes which contravene the Krinsky findings. First, it takes back the .5% wage portion of the *quid pro quo*. In a year where the wage rate increase average among the comparables is clearly 4%, the City proposes 3.5%.

The City also wants to change the intent and nature of the insurance payment system, which Krinsky acknowledged as being part of the reasonable *quid pro quo*. The City is intent on reducing the dollar amount it pays toward the police insurance plans to that which is in many other City contracts--an amount which is not even

full for the base plan. The City should be offering an additional .5% on wages and arguing vociferously that it is a reasonable *quid pro quo* for another major change in the direction of the Employer's health insurance premium payments.

The Union submits that the established comparables of the six cities approved by Arbitrators Rice and Krinsky are still valid comparisons. These comparables establish a collective average wage increase of 4% for 1991. The Union's evidence shows that if the end of the 1991 year rates are compared to the end of the 1990 year rates, the average increase is 4.125%; if the actual take-home pay raises are averaged, the average is 3.95%.

The evidence also shows that the basic comparables have maintained 100% employer payment of family and single health insurance premiums during 1987, 1989, 1990 and 1991. Neither these full insurance payments nor the language accompanying those payments as it pertains to changes in carrier or coverage or payments during the hiatus period have changed noticeably in this group over the years. The average cost of these employer payments, however, has changed dramatically compared to the City. In 1989, the City paid up to $70 more per month per police employe than the average of these comparables, and in 1990 the City paid up to $25 more than the average. Now, in 1991, under the Union's offer, the City would be paying $8 less than the average of these cities. Additionally, these insurance figures do not include the employers' payments in four of these six cities for dental insurance benefits for the represented employes.

With the total health insurance premium costs to the City well below the average of the comparable cites, and without any dental insurance costs to the City for its employes, the additional reduction in the insurance payment system sought by the City for the police is not justified.

The Employer was successful in overturning the longstanding status quo of fully paid health insurance because it offered a wage incentive at the same time it restructured its insurance provision so that employes would continue to be able to choose the basic plan as well as one HMO without cost. The offer was made during an era of rapidly increasing health insurance costs while the comparable cities were paying less overall for their health insurance premiums. Now the City is using this break in the longstanding status quo of fully paid insurance to, in effect, argue that since insurance is no longer fully paid in the contract, the particular dollar amount to be inserted in the insurance provision can be adjusted arbitrarily.

The Union submits that its offer is clearly closer to the comparables, as it is closer to the intent and financial basis of the 1990 City final offer and arbitration award. The Union offer is further supported by the cost of living, ability to pay, and overall compensation considerations.

For all of the reasons cited above, the Union requests the arbitrator to select its final offer in the instant case.

CITY'S POSITION:

The City contends its salary offer is the more reasonable because it is consistent with the settlement pattern in the City's other employe groups and because it results in wage rates which

exceed the external comparables. Numerous arbitrators have held that where an internal wage settlement pattern exists, that pattern should be given controlling weight. Indeed, the instant arbitrator opined similarly in a recent police arbitration. Oneida County, Dec. No. 26116-A (3/90).

The firefighters and street department employes as well as the unrepresented city hall employes all settled for 3.5% in 1990. The police received 4.5%. The same is true in 1991--the firefighters, the streets, and city hall employes all received a 3.5% wage increase. Yet the Union demands a 4% wage increase in 1991 without providing any evidence to explain why they should be treated better than other City groups who all reached voluntary settlements.

The Union will likely argue that the extra 1% wage boost which police employes received last year as a *quid pro quo* for first-time employe contributions to insurance should be continued. The extra 1% in 1990 boosted police employes' wage rates permanently and provided a higher base to which the 1991 wage increases will be applied. It need not be purchased again.

In the arbitration setting, the arbitrator cannot ignore internal patterns when choosing between final offers; moreover, he must also consider the potential disruptive effect upon the bargaining environment in other units when one unit is awarded a higher wage increase through arbitration. Many arbitrators have commented on this principle. See City of Kenosha (Police), Dec. No. 12500-A (6/74); Waukesha County (Sheriff's Dept.), Dec. No. 22324-A (12/85); Rock County, Dec. No. 17229-B (9/80); City of Milwaukee, Dec. No. 25223-B (9/88).

The City and the Union disagree as to the appropriate set of external comparables to be utilized in this proceeding. The Union contends that the six cities of Altoona, Hudson, Menomonie, New Richmond, Rhinelander and River Falls are the appropriate external comparables. The City proposes these same six comparables, as well as nine more geographically proximate comparables: Amery, Barron, Bloomer, Chetek, Cumberland, Ladysmith, Shell Lake, Spooner and the Barron County Sheriff's Department.

The Union's comparables all but disregard proximity and economic factors. The closest of the Union's comparables, Menomonie, is 50 miles away while Rhinelander is over 110 miles from the City. More significantly, three of the Union's comparables, Hudson, New Richmond and River Falls, not only are located a considerable distance from the City, but have economies which are significantly influenced by their proximity to the Twin Cities. The City is a rural service center, not a suburb. Its property tax base has not increased at a rate anywhere near Hudson, New Richmond and River Falls. Arbitrators have recognized that socio-economic factors play a significant role in the determination of t appropriate comparable pool. See City of Bloomer, Dec. No. 22638-A (12/85).

In the parties' 1987 arbitration, Arbitrator Rice, while at that time rejecting as comparables various local communities, found that there was "enough of a similarity in the economies of the communities . . . and the economy of the Employer to justify some consideration of them . . ." Arbitrator Krinsky similarly recognized the value of consideration of these nine additional comparables.

Based on the evidence produced by the Union, the average increase of the six comparables for 1991 is 3.95%. The Union's wage offer of 4% is closer to the average than is the City's 3.5% wage offer. However, as has been noted by this arbitrator, percentage increase comparisons are not as compelling as actual wage rates themselves. County Technical Institute, Dec. No. 18804-A (1/82). An analysis of actual salaries reveals that the City's police are still ahead of the pack, even including the three Twin Cities-influenced municipalities of Hudson, New Richmond and River Falls. On an average monthly wage for 1991, the City exceeds the average by 3.5%. When the three cities influenced by the Twin Cities are removed, the City pays 11.6% above the average at the maximum of the patrolman salary. On an hourly basis, the City's maximum patrolman wage rate is 10% above the averages, and when the three cities are excluded, the City's maximum hourly rate for the patrolman classification is 19% above the remaining comparables. A similar finding is included when one looks at the maximum of the sergeant's wage rate as well as that of the dispatcher classification.

Since the City's offer does not result in a wage disparity with the external comparables, the internal settlement pattern of 3.5% must be given controlling weight in this case. The City's wage offer of 3.5% is, therefore, the more reasonable and should be selected by the arbitrator.

The City argues the Union's health insurance offer should be rejected in light of the overwhelming internal support and the Union's insistence on more favorable treatment than all other City employes. Two specific items are in dispute--the size of the

Employer contribution to premiums, and the change-of-carrier language. Indeed, this arbitration is "Round 3" on health insurance as the parties have resorted to arbitration twice before on this issue.

With the exception of the addition of the last sentence regarding exploration of a Section 125 plan, the City's offer is identical to the current contract language and still provides for a dollar amount Employer contribution which requires no employe contribution for those who are enrolled in the standard plan. On the other hand, the Union's offer removes any reference to specific dollar contributions, substituting instead language requiring the Employer to pay the full cost of the least expensive HMO option towards any of the three plans available to police employes. The Union's offer also proposes to change the standard by which the City can change insurance carriers.

Currently, three different health plans are available to City police employes:

	1991 Premiums	
	Single	Family
WPS Standard Plan	$118.10	$295.25
Midelfort HMO	109.00	333.00
Group Health HMO	140.00	355.00

The police are the only City employes who have a choice of health insurance plans; all other City employes voluntarily agreed to drop the two HMO plans in 1989 in exchange for full payment of premiums in that year.

Contrary to the Union's anticipated argument, the City's health insurance offer does not represent a change in the status quo. The City's offer on premium contribution is identical to the current

language. The City's offer contains dollar amounts which, though identical to the 1990 language, exceed the 1991 cost of the monthly standard plan premium. The Union has eliminated any reference to dollar caps. The Union will explain that its final offer reflects the status quo because it incorporates into the 1991 language the effect of the 1990 language.

During the negotiations for the 1990 police contract, the City sought to treat the police health insurance premium the same as all other employes. The police unit proposed a return to the status prior to the arbitration award. But it is the dollar amounts, rather than their 1990 impact, which were placed in the contract and which represent the status quo. If the City's intent had been to prospectively provide City payment of an amount equal to the least expensive HMO, then the language of its 1990 final offer would have been so fashioned.

It is the Union which is attempting to change the status quo. It is widely held that, in order to accomplish such a change through arbitration, the proposing party must meet its burden under recognized arbitral criteria. The City contends that the Union has not met these criteria. The Union has not demonstrated a need for the change, and the Union has not provided any semblance of a *quid pro quo*.

The City's proposal gives the Employer the express right to change insurance carriers as long as the coverage under the new carrier is "substantially equivalent," the same standard found in the current contractual language. The Union's proposal permits a change in carrier as long as current benefits "are not reduced."

This is a more stringent standard than is found in the existing language and the Union has provided no evidence as to a compelling need or reason to change the current contractual language. The City asserts that it would be virtually impossible to find an insurance plan which would meet this standard.

The Union will likely point to evidence showing that many of the external comparables retain the right to change carriers as long as coverages are not reduced. The more persuasive argument, however, is found in the internal comparables. Each of the City's other four unionized contracts contains either the identical "substantially equivalent" standard or a variation covering plans "substantially equivalent or superior to" or "substantially equivalent or better than" the current coverage.

In his 1990 arbitration decision, Arbitrator Krinsky stated:

> "Moreover, the arbitrator finds it significant that the 'substantially equivalent' language was agreed to voluntarily in the 1988-89 Agreement between the parties. What was a reasonable standard for their use in a voluntarily bargained contract is still as reasonable if it is put into the new agreement by the arbitrator."

The Union made it clear at the hearing that the change-of-carrier language was a significant issue; however, the Union failed to present any *quid pro quo* for the change or any compelling need.

While a few cities require employe insurance contributions, most of the comparables provide 100% health insurance to their police employes. The dollar cap of $309 for family coverage found in the City's offer would require no employe contribution towards the premiums under the WPS standard plan.

Even if the arbitrator determines that the external comparables are more supportive of the Union's offer, arbitral precedent holds

that the external comparability criterion is not controlling in cases such as this. As Arbitrator Krinsky ruled in selecting the City's offer in the 1990 arbitration:

> "Although the external comparisons with other police units clearly support the Association's final offer, the arbitrator is persuaded more by the City's final offer in relationship to what has been accepted by all of the other employees of the City."

The City has been able to voluntarily bargain with all four of its other unionized groups regarding employe contribution to health insurance. In the 1988-89 contract negotiations, the police unit was the only unit which would not agree to a dollar cap in its insurance language. The police unit refused to agree to any employe contributions for health insurance premiums for any plan. In mid-1989 the City approached all its employe groups, including its nonrepresented employes, regarding continuation of the four health plans. All other employe groups voluntarily agreed to language which resulted in full Employer payment of the standard plan's coverage in 1989 in exchange for dropping all three HMO plans. The police unit, in the mid-1989 bargaining, refused to do the same so the status quo was maintained. In the 1990 bargaining, the Union's adamant refusal to voluntarily modify its preferred insurance treatment led the parties to arbitration once again.

The Union claims that the reason other employes have made concessions regarding health insurance is because the City has made corresponding concessions in benefits such as holiday and vacations in exchange for the health insurance concessions. This is wholly unsupported and untrue. The bargain that was struck included

elimination of the HMO options in return for full payment of premiums by the City in 1989, not for additional paid holidays.

The Union also claims it did not agree to the same insurance concessions because it had more employes enrolled in the HMO's than the other groups, thus the elimination of the HMO's would be more disruptive to the police unit than to the other units. The City submitted a delayed exhibit, at the Union's request, which shows that among the non-police employes more were enrolled in the HMO's than in the standard plan.

The City's offer to its police employes in this proceeding remains more generous than its agreement with its other employes. It provides for full payment of the standard plan. It provides for a choice of plans. The City's offer would provide up to $23.80 per month more to police employes than to other employes in the City. The Union's offer demands up to $47.80 per month more.

All of the City's employes except the police have agreed to health insurance dollar caps. All of the employes except the police have agreed to drop the HMO plans. All of the employes except the police have been willing to negotiate cost-sharing measures in the face of double-digit premium increases. In view of this, external comparables play a minor role in determining the reasonableness of the parties' final offers on health insurance. Where a pattern exists, internal comparables provide a much clearer picture of the reasonable settlement which would have resulted.

The City submits its proposal is reasonable, justifiable, and effectively addresses the health insurance issue.

Based on the evidence of record in totality, the City respectfully requests that its final offer be selected by the arbitrator.

DISCUSSION:

There are two issues in dispute in this case: wages and health insurance. In the area of wages the City has offered 3.5% for 1991 and the Union is seeking 4%.

The Union is proposing changes in two aspects of the current health insurance language: the amount and manner in which the City's contribution toward health insurance premiums will be reflected in the agreement; and the language which will govern the conditions under which the City can change carriers. Both parties agree that the insurance issue is the more significant of the two issues in dispute.

The 1990 collective bargaining agreement provided in Article XIII - Insurance, that the City would contribute up $309 per month toward family coverage and $121 per month toward single coverage. Article XIII also provided:

> "The City may also change the insurance carrier to another provider provided the insurance coverage under the new carrier is substantially equivalent to the current coverage." (emphasis added)

The Union proposes for the 1991 agreement to eliminate the dollar amount specified in the agreement, and provide the City can change insurance carriers provided the benefits of the current plan are not reduced. The Union's language would provide:

> "The City agrees to pay a dollar amount equal to the total family premium of the base health insurance plan, or of the lest expensive family HMO option, whichever, is greater, toward each employee's family health and welfare insurance policy; the City will pay the same

"dollar amount toward the family premium of any other health insurance option; the City will pay the total premium of each employee's single health and welfare insurance policy. The City may change the insurance carrier or carriers provided the insurance coverage and benefits of the present program are not reduced."

The City proposes to retain the language which was in the 1990 agreement under Article XIII with the addition of the following sentence: "The City will explore possible implementation of a Section 125 plan."

The Union emphasizes that under the 1990 agreement, the City's contribution toward health insurance, stated in dollar amounts, covered the cost of the basic plan and the cost of the least expensive of the two HMO's available. According the Union, this was a major factor in Arbitrator Krinsky's decision to award in favor of the City. The Union notes that under the City's final offer for the 1991 agreement, the dollar amount contained in the agreement will fail to cover the cost of the least expensive HMO.

While conceding that the dollar amount contained in its 1990 final offer was intended to cover the cost of the basic plan and the cost of the least expensive HMO, the City contends that its final offer was accepted because it more closely paralleled its settlements with its other bargaining units. According to the City, Arbitrator Krinsky gave greater weight to internal rather than external comparables.

The parties are in disagreement as to the appropriate set of external comparables to be considered in this case. The Union argues that the comparables have been established in two other arbitration cases and should be adopted by this arbitrator. Those

comparables include Altoona, Hudson, Menomonie, New Richmond, Rhinelander and River Falls. While not disputing the six comparables cited by the Union, the City argues that a second set of comparables should also be given consideration by the arbitrator. The additional comparables offered by the City include Amery, Barron, Bloomer, Chetek, Cumberland, Ladysmith, Shell Lake, Spooner and Barron County Sheriff's Department. The City claims that both Arbitrator Rice and Arbitrator Krinsky gave consideration to this second set of comparables.

Arbitrator Rice noted that there was little similarity between the police departments of the second set of comparables urged by the City and the City's police department stating:

> "However, the disparity between the type of police forces in Comparable Group B (which consisted of eight cities within 50 miles of the City and Barron County) and the Employer's department is too great to justify it as a comparable group."

Arbitrator Rice continued:

> "While there is enough of a similarity in the economies of the communities in Comparable Group B and the economy of the Employer to justify some consideration of them, the arbitrator finds Comparable Group A to be the most appropriate for comparison purposes and will rely primarily on it."

In his decision, following the decision issued by Arbitrator Rice, Arbitrator Krinsky concluded:

> "The arbitrator has read the Rice Award. He finds that Rice's conclusion with respect to comparability to be as applicable now as in 1987. The arbitrator has considered the City's arguments but is not persuaded by them that he should view the comparables in a different manner than Rice did."

Arbitrator Krinsky went on to state:

> "In keeping with Rice's finding and conclusions about the comparables, the arbitrator will put principal

> reliance on the Association's suggested comparables, and give some consideration, where appropriate to the City's additional comparables."

Although both arbitrators in the two prior cases expressed a willingness to grant "some" consideration to the comparables urged by the City, a review of their awards fails to indicate what, if any, consideration was given to the group of comparables urged by the City. There are circumstances where appropriate comparables may include governmental jurisdictions of differing sizes. However, it is appropriate only when the functions being performed by the employes of the jurisdictions are substantially similar, if not identical. Arbitrator Rice concluded that the functions of the City's police department are not similar to the functions of smaller police departments, or at least not sufficiently similar to warrant consideration as comparables.

The undersigned can find no compelling reason to deviate from the comparables utilized by the arbitrators in the two prior cases. The undersigned can find compelling reasons to adopt the comparables previously used in those cases. The parties are entitled to a degree of predictability in the arbitration process and if individual arbitrators accept different comparables in cases involving the same parties, without overwhelming justification for doing so, the predictability of the process would be significantly reduced. Additionally, those factors which normally are taken into consideration by the parties before proceeding to arbitration, i.e., the settlements of what they deem to be comparables, could no longer be relied upon in deciding whether to proceed to arbitration.

The evidence establishes that the average wage increase among the six comparables used in the prior arbitration cases is either 4% or 3.95%, depending on the value attributed to one of the settlements. The average increase is either identical to or substantially similar to the increase being sought by the Union. Although the City argues that it is competitive with the other six comparables and therefore a 4% increase isn't needed to maintain its competitive position, the granting of a 4% increase would simply maintain the City's position relative to the comparables. Therefore, the external comparables favor the Union's position in the area of wages.

The .5% difference in the final offers equals $.06 per hour. The monthly maximum of the patrolman classification in the 1990 agreement is $2,063.44. The annualized maximum is $24,761.28 and if this figure is multiplied by .5% the result is $123.81, the annual difference in the parties' final offer on wages. The parties recognize that this is not the issue which has precluded a voluntary settlement. The issue keeping the parties from arriving at a voluntary settlement is the issue of health insurance.

Prior to the 1990 agreement, the parties' agreement provided that the City would pay the total cost of each employe's health insurance premium. As a result of the Krinsky award covering the 1990 agreement, dollar amounts were inserted into the agreement for the first time. The dollar amount, $309 per month for the family premium and $121 for the single premium, paid the entire premium for the basic plan and the entire premium for the least costly HMO. Most of the employes were in the more expensive HMO

and therefore contributed $10 per month toward their family insurance premiums.

It is noted by the Union that among the six comparables all pay the entire insurance premiums. The City responds that it, too, will pay the entire cost of the insurance premium but of the basic plan, not an HMO. The Union's response is that Krinsky awarded in favor of the City based on two factors: the City's granting of an additional wage increase of .5% in excess of the increases granted by the comparables, and the continued payment of the least expensive HMO. These, according to the Union, were the *quid pro quo* for the change in language regarding the payment of insurance premiums.

The external comparables establish that those comparables provide full paid health insurance. Under the City's proposal it, too, will pay the full cost of the basic plan. The Union is correct that the City would not be paying the full cost of the less expensive HMO, as the premium of the less expensive HMO now exceeds the dollar cap contained in the agreement. In the opinion of the undersigned, the external comparables favor the City's final offer regarding the amount of contribution the City will make toward health insurance premiums, as the City will provide full payment of health insurance premiums if an employe elects the basic plan.

Additionally, there is nothing in the record to indicate that the external comparables provide employes with the option of having a basic plan or an HMO as is provided by the City. Under the City's final offer, that option will continue, albeit at a

higher premium cost to those employes who elect to remain with an HMO.

The external comparables tend to favor the Union's proposed language regarding the conditions under which the Employer can change carriers. Most of the comparables have language which requires the employer to maintain equal to or better coverage under the new plan if the employer changes carrier.

A review of the evidence regarding the external comparables establishes that a 4% wage increase is firmly supported by those comparables. In the area of maintaining benefits in the event of a change in insurance carrier, the Union's position receives greater support than does the City's. As to the full payment of health insurance premiums, the City's final offer accomplishes this. On balance, the external comparables appear to give somewhat greater support for the Union's final offer than the City's final offer. Thus, if only external comparables were to be considered, the evidence would support an award in favor of the Union.

However, there are also internal comparables which must be taken into consideration. In the area of wages, the City has reached agreement with its other organized employes for an increase of 3.5% for 1991. In the absence of a compelling reason to ignore the settlements of the internal comparables, these settlements would tend to support the City's position. An increase of 3.5% rather than 4% will not materially affect the City's relative position regarding the external comparables.

The major area of dispute in this case is whether the City is going to continue paying the entire premium for the least expensive of the two HMO plans available to bargaining unit members. At the present time only members of this bargaining unit have the option of participating in an HMO; the other bargaining units bargained away their right to participate in the HMO plans in return for the full payment of the basic plan. The Union argues that implicit in the City's position in the arbitration case before Krinsky for the 1990 agreement was the commitment by the City to pay the full premium of the least expensive HMO. While conceding that the dollar cap proposed by the City, and awarded by Krinsky, paid the entire premium for the least expensive HMO, the City contends that the contract language awarded by Krinsky does not achieve the result the Union is now seeking to achieve. The language provided for a maximum contribution by the City which, at the time, was sufficient to pay the premium of the least expensive HMO.

While Arbitrator Krinsky referred to the fact that the dollar amount for the 1990 agreement would pay the premium of both the basic plan and the least expensive HMO, his award inserted a cap on the City's payment of health insurance premiums. The fact that the dollar amount specified in the agreement would pay the premium for the least expensive HMO was known to the parties. However, the language proposed by the City, and awarded by Krinsky, contained nothing to indicate that the City was contractually bound to continue to pay the premium of the least expensive HMO.

Bargaining history clearly reflects an attempt by the City to bring its insurance plans for each of the bargaining units into line with each other. Arbitrator Krinsky addressed this issue by stating in his award:

> "In the arbitrator's opinion, the City is justified in wanting to bring its benefit packages for all of its employees more into line with one another."

This arbitrator shares Arbitrator Krinsky's view that this is a reasonable objective of the City. Indeed, the Union offered little rationale for the City being compelled to offer this bargaining unit insurance alternatives not offered to other bargaining units within the City.

Based on a comparison of the internal comparables, it is the opinion of the undersigned that the City's final offer to retain the present insurance cap, which pays the entire premium of the basic plan, is to be preferred over the final offer of the Union which would effectively remove the caps and make the City liable for the payment of the full premium of the least expensive HMO. It must be noted that the HMO options will still be available to the employes, however, if they elect to continue with the HMO's their costs will increase.

The internal comparables also support the City's request to retain the language relating to the City's change in insurance carrier by providing the City will provide "substantially equivalent" insurance coverage in the event of a change in carrier. As noted by the City, the Union's language which states the present coverage and benefits will not be reduced could have the result of precluding a change in carrier as no two plans are

identical in all respects. The language "substantially equivalent" will protect the employes against a reduction in benefits. It must also be noted that the language "substantially equivalent" was negotiated between the parties. The undersigned can find no basis for altering the language the parties themselves negotiated regarding this issue.

Under the facts of this case, the internal comparables favor the City's final offer. In the opinion of the undersigned, given the nature of the issues in dispute, the internal comparables must be accorded greater weight than the external comparables.

After having given due consideration to the statutory criteria, the evidence, and the arguments of the parties, the undersigned renders the following

AWARD

1. That all agreements reached by the parties during bargaining be included in the 1991 agreement.

2. That the City's final offer regarding those issues remaining in dispute be incorporated into the 1991 agreement including:

   a. A wage increase of 3.5%.

   b. The language of Article XIII, Part A, included in the City's final offer.

Neil M. Gundermann, Arbitrator

Dated this 24th day
of October, 1991, at
Madison, Wisconsin.