



## BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT  
2005-06 Issue Summary #7

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### “Mediation – Arbitration”

#### Background Information:

The Wisconsin Legislature in 1959 adopted the nation’s first state law regulating collective bargaining between local units of government and their employees, including school districts and teachers. The law specifically authorizes municipal employees to form and join labor organizations; however, the new law did not provide any framework by which collective bargaining disputes that might arise could be resolved. In 1961, the Legislature adopted procedures that specifically prohibited strikes by municipal employees and established a procedure for resolving collective bargaining impasses. This initial program evolved into the current mediation-arbitration or “interest arbitration law.”

In 1993, the Legislature made a number of important modifications to the interest arbitration law. These changes applied only to collective bargaining agreements involving municipal professional employees who were school teachers and were originally to apply only through June 30, 1996. During that period, the Legislature authorized any school district employer to avoid interest arbitration altogether on economic issues if the employer made a “qualified economic offer” (QEO) to its representative professional teaching employees. A “QEO” was defined generally as one which:

- Maintains both existing employee fringe benefits package and the employer’s percentage contributions to fringe benefits.
- Maintains an employee salary schedule structure.
- Provides an annual increase in salary and fringe benefits equal to 3.8%. This calculation must be made in compliance with rules of the Wisconsin Employment Relations Commission.

Although the 1993 legislation contained a sunset provision of July 1, 1996, which would have reverted bargaining to the earlier interest arbitration procedure, legislation passed in 1995 eliminated the sunset and made permanent the QEO provisions applicable to teachers. There have been other adjustments to the components of the QEO in the last few years, but the basic 3.8% increase as certified by the Wisconsin Employment Relations Commission remains the operational level at which districts may avoid the required impasse resolution procedures contained in the interest arbitration act.

(Source: [http://www.legis.state.wi.us/lc/2\\_PUBLICATIONS/Briefing%20Book%202004/05\\_06briefing.pdf](http://www.legis.state.wi.us/lc/2_PUBLICATIONS/Briefing%20Book%202004/05_06briefing.pdf))

(For more detailed information, see the Legislative Fiscal Bureau paper, “Dispute Resolution Procedures for Municipal Employees”: <http://www.legis.state.wi.us/lfb/Informationalpapers/90.pdf>)

#### Rep. Ziegelbauer’s View:

Mediation-Arbitration is the system that prevents strikes by public sector employees. A mediator is called in first to resolve bargaining impasses, and failing at voluntary agreement, an arbitrator selects between the final position packages of each side by comparing them to

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agreements of similar employees. This sounds simple enough, but actually is quite complex. The bottom line is that in order to prevent strikes, taxpayers pay a significant price.

I support moderate meaningful spending controls limiting the ability of state and local government to increase spending from year to year which will have a positive impact by limiting the total amount of money available. This, more than anything else we could do, would bring personnel costs in line with reality. Although the QEO for teachers should go because it's no longer necessary, spending controls like those that now apply only to public schools can work to hold costs down for all units of government.

I've introduced proposals to do this and a number of other proposals, which would require arbitrators to emphasize local economic conditions, so that their decisions reflect the reality faced by taxpayers who pay the bills.

I've dealt with this directly in real life bargaining on behalf of Manitowoc County and have consistently urged public employee unions to understand that they risk killing the "goose laying the golden egg". Taxpayers throughout Wisconsin have made clear that we have reached the limits of tax dollars available for providing government services. Employees need to realize that controlling the exploding cost of expensive benefits like health insurance is more in their interest than anyone else's. As these costs spiral out of control, we'll see increased pressure to implement spending controls, more QEO-like wage controls, and most of all, reduce employees. This is the unavoidable reality. It's time we face it.

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