

State of Wisconsin
W.E.R.C. Arbitration
Before Arbitrator William G. Callow
5314 Lighthouse Bay Drive
Madison, WI 53704
608-241-9122

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In the Matter of
an Interest Arbitration between

CRANDON SCHOOL DISTRICT,
BOARD OF EDUCATION (Support Staff)
and
CRANDON EDUCATIONAL SUPPORT
PERSONNEL ASSOCIATION

Case 24 No. 57965 INT-ARB-8790
Decision No. 29843-A

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Appearances:

Mr. Steven C. Garbowicz of the Law Firm O'Brien, Anderson, Burgy, Garbowicz & Brown, L.L.P. for Crandon School District, P.O. Box 639, Eagle River, WI 54521

Ms. Carol J. Nelson, Director, Northern Tier UniServ-East for Crandon Educational Support Personnel Association, P.O. Box 9, Crandon, WI 54520

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INTRODUCTION

This Arbitrator was appointed March 29, 2000, to issue a final and binding award, pursuant to Section 111.70 (y)(cm) 6. and 7. of the Municipal Employment Relations Act to

resolve said impasse by selecting either the total final offer of the Crandon Educational Support Personnel Association or the total final offer of the Crandon School District. The hearing was held July 14, 2000, at the Crandon School District in Crandon, Wisconsin.

ISSUE

Health Care Benefits and Compensation

FINAL OFFERS

The School Board:

1. Two-year contract for 1999-2000 and 2000-2001 school year.
2. Forty cents (\$.40) per hour increase for 1999-2000 school year; forty cents (\$.40) per hour increase in each category for the 2000-2001 school year.

For the Educational Support Personnel:

1. ARTICLE XXIII, Retirement. For every five (5) years of employment in the School District of Crandon, the District will pay one year of health insurance for the retiree.
2. APPENDIX A - Compensation. Sixty cents (\$.60) per hour for 1999-2000 and 2000-2001 school years.

APPENDIX B - Compensation. Sixty cents (\$.60) for 1999-2000 and 2000-2001 school years.

ARGUMENTS OF THE PARTIES

Each party makes reference to the statutory factors set forth in Section 111.70 (4)

(cm) (7) (7g) (7r) specifically and the other factors generally.

I. THE CRANDON EDUCATIONAL SUPPORT PERSONNEL ASSOCIATION (Union) argues its issues are supported by three basic principals: 1) Fairness to employees and the public; 2) Comparables of other districts; and 3) Reasonableness on the part of the employees as the proposals do not restrict management in its obligation to carry out its mission. The Association first addresses the issue of comparability.

The Union argues that the mixture of the largest CESA 8 and CESA 9 schools together with the smaller contiguous districts provide the best picture for comparisons of the employment and the prevailing wage market. The larger districts, the Association argues, provide the best comparisons for each categorization within the Crandon Educational Support Personnel Association. The Union notes the Association is the oldest organized unit in Northern Tier UniServ-East, thus the total of Cooperative Educational Service Agencies provide a better picture of the rate comparison. All school districts within CESA 8 and CESA 9 have support staff. The Union argues Crandon is the largest of the neighboring school districts. It argues the Crandon District should be compared to the larger districts such as Bonduel, Gillett, Rhinelander, Lac du Flambeau, Marinette, Oconto Falls, and Tomahawk. Many of these districts are much larger and three are smaller.

On the specific issue concerning Article XXIII, Retirement, the Union request "for every five years of employment in the School District of Crandon, the school district will pay one year of health insurance for the retiree." The Union argues the Administrative Contracts in Crandon offer very rich retirement compensation for the Administrators, including tax sheltered annuities and early retirement benefits if they take advantage of the Wisconsin Retirement Fund

early retirement authorization. The Union notes certain educational support personnel were given retirement benefits at their "whim." Those benefits include health benefit insurance. The Union concludes the District's selective treatment of employees violates their sense of fairness. The Union addresses their proposed salary schedule. Using the salary schedules of schools within CESA 8 and CESA 9 the Union argues the Crandon Educational Support staff is significantly below salary in comparison to their colleagues in those areas. In support of their position the Union offers two wage schedules within the Crandon Educational Support Personnel. One deals with employees who were grandfathered into a certain wage rate when the Crandon Educational Support Personnel organized. Any employee hired after 1991 has a different wage rate. The Union elected to use the wages of the new post-1991 employees in wage compensation with other school districts in the area.

The wage chart identifies seventeen school districts and shows the wages paid in these districts for Custodians, Secretaries, Ins./Aides and Cooks/Bakers. This chart shows Crandon pays \$8.37 per hour to Custodians which is the lowest of the listed districts. Crandon pays a Secretary \$9.22 per hour which is the third lowest of the listed districts. Crandon pays Ins./Aides \$8.12 per hour which is the third lowest of the listed districts. Crandon pays Cooks/Bakers \$8.42 per hour which is the second lowest of the listed districts. The Union argues the Wabeno District, the lowest wages paid, provides generous insurance benefits. These benefits explain the low wages because these benefits save the employee the cost of insurance amounting to a wage benefit. Such insurance benefits are not available to Crandon employees subject to this Contract. Crandon requires any employee opting for insurance to pay 50% of the monthly premium.

The Union offers an exhibit showing the Forest County per capita income has

increased by 33% and wages earned in Forest County have increased by about 26% during the last five years. Crandon is the largest of the ten largest municipalities or townships in Forest County. It is apparent that the Crandon District lags behind their counterparts in total compensation for services rendered.

The Union addresses the statutory criteria. The Union notes there is no dispute about lawful authority of the employer, there are no stipulations, there is no challenge to the interest and welfare of the public or the financial ability of the Crandon District to meet the cost of the proposed settlement. As to the comparability of wages, hours, and conditions of employment of the employees involved in this Arbitration and other employees performing similar services the Union argues the Crandon Educational Support Personnel are at a distinct disadvantage.

The Union argues the comparison of conditions of employment of other employees in the public sector in the same community and comparable communities favor the proposal of the Union over the School District. The Union recognizes comparisons with the private sector are not practical in these circumstances.

The Union recognizes the Consumer Price Index (CPI) issue is not involved because the final offers of both parties exceed the CPI. The Union addresses the overall compensation received by municipal employees and argues the Crandon District Support Personnel have the lowest starting salaries in comparison with their comparables; that these employees have the poorest insurance benefits; that some district employees are receiving benefits that are not available to these employees. The Union acknowledges there are no changes in circumstances during the pendency of these negotiations and arbitration.

II. THE CRANDON SCHOOL DISTRICT addresses these exhibits and notes the

Union is made up of different types of employees. There are twelve-month employees, nine-month employees, part-time employees who work less than full-time, and part-time employees who work less than nine months or twelve months.

All School District (District) employees receive one day of sick leave for each month of service and can accumulate up to 100 days. They also receive two personal days off for personal reasons. They also are reimbursed for unused sick leave in excess of 100 days. Other insurance benefits, health, dental, life and long term disability are provided to full-time employees. Those employees who work 600 hours or more per year are eligible to participate in the Wisconsin Retirement Fund. The District offers \$.40 per hour increase for each employee. The District recognizes the Union proposal asks for \$.60 per hour and health insurance premium payment of one year for every five years of service upon the retirement of the employee. The District makes no affirmative comments on the Consumer Price Index. The District argues that the comparisons should be limited to the Northern Lakes Conference School Districts. Using that limitation the Crandon Custodians outranked all other school in the Conference. The Secretaries hired before July 1, 1991, had the highest paid employees in that category and those hired after 1991 ranked fourth in the Conference. The Cook position has a rank of 4th in the Conference for 1999-2000 school year. The comparisons used by the District and the Union recognize the wage distinction between those persons employed prior to 1991 and those hired after July 1, 1991. The wage proposal affects all the employees without recognition of this distinction. The District acknowledges the fact that the Assistant Cook's position (7) ranked at the bottom of the wage comparisons in the Conference. The District notes the Secretaries hired before 1991 are the highest paid in the Conference and those hired after 1991 are ranked fourth from the highest. The Assistant Cooks, whether hired before or after 1991, appear to be the lowest paid in the

Conference. The parties make reference to the Bus Drivers but recognize there are too few comparables to have any comparative value.

There are 19 Aides employed in the Crandon District, some before 1991 and some after. Both the District and the Union proposals put Crandon in the highest pay category in the Conference.

Neither the District or the Union offer any significant evidence concerning wages paid in the private sector for comparative purposes. Likewise, no evidence is offered by the District concerning the CPI because both sides recognize their offers exceed the CPI.

The District's Exhibit 14 lists the Crandon District Employees and the hours worked. The minimum hours worked are 2,080 for full-time employees during the calendar year. Most of the employees in the Crandon District are less than full-time.

Exhibit 15 shows that only three out of 15 persons who retired after 1992 received post employment health benefits. The three terminated their employment as part of the transition to a K-12 District. Recognizing fewer employees were necessary for a K-12 District, a retirement package was negotiated which included post employment health benefits for the three retiring employees.

The District shows that no Conference schools currently provide and pay for health insurance for employees who retire from their Support Staff.

The District notes that for 1999-2000 and 2000-2001 the professional staff agreed to a 2.89% and 2.04% salary increase. No evidence deals with any other possible compensation adjustments. These percentages are less than that being offered to the Support Staff.

The District analyzed the health, dental, and life insurance plan for both single and

family. The cost of this plan will increase 15% this year. This health care plan has been approved by the Union and covers Teachers, nine-month employees and interns plus interns who work 20 or more hours per week. The District notes that some retired part-time employees might be eligible under the Union's proposal for the health benefits set forth in the Union's final offer. I cannot read that possibility into the Union's final offer.

The District's Exhibit 6 shows the percentage increase for each final offer. The difference between them is approximately 1.94%. The District notes the highest paid positions are generally receiving a lower percentage increase under both proposals while the lowest paid employees are receiving a higher percentage increase under both proposals. The District observes in Exhibit 8 the comparisons cited by the Union are not in the Northern Lakes Conference and some have larger student populations. Exhibit 8 deals with retirement benefits.

The District analyzes the Union exhibits. It calls attention to the Union acknowledging "larger districts provide best comparison for categorization." The District notes the Union Exhibit 4 presents comparables for purposes of comparable retirement benefits that are totally unrelated by geography, enrollment, athletic conference or by any normal comparable method. In response to that exhibit the District could have picked all of the small rural districts for comparison. The District concludes that anytime comparables are used that stray from the Athletic Conference which is made up of schools of similar economic strata and population, it definitely reduces the impact of the comparables. The District finds it unreasonable to use the CESA 8 and CESA 9 Districts. The District grants the reasonableness of the conclusion that the Northern Lakes Conference "may not provide the best set of comparables to Crandon, however, those selected by the Union provide no logic, no reason nor comparability." The District is emphatic that the only valid set of comparables are those with which Crandon is related and that is the

Northern Lakes Conference.

The Union's Exhibit 8 deals with internal comparables and the District argues it is unfair to compare full-time employees with 20-hour a week part-time employees. The District objects to a comparison of part-time employees in one District with full-time employees in a different District even if they are doing similar work. Fringe benefits other than retirement are not an issue in this arbitration, the District argues. The District acknowledges the Cooks are paid wages lower than most of the Athletic Conference comparables. The District cites 1997 comparables in the private sector but these are historical rather than current comparables. Both final offers exceed the CPI. The District references fringe benefits but have earlier noted these benefits are not at issue.

The District concludes their argument by noting the key issue in the arbitration is which set of comparables the Arbitrator chooses. It declares the Northern Lakes Conference is the most appropriate set of comparables. It specifically notes that to add new fringe benefits such as the payment of health insurance upon retirement for members of the Association constitutes a change in the status quo of the Contract.

CONCLUSION AND DECISION

The decision is made difficult because there are two classes of employees, those employed before 1991 and those employed after 1991. The wage base for these two groups of employees is different. Further, the comparables used by each party are significantly different. Crandon is the largest in the Northern Lakes Athletic Conference, but is smaller than some of the cited comparables in the CESA 8 and CESA 9 areas. The addition of the retirement benefit complicates the expense impact on the District.

It appears reasonable to accept CESA area comparables because of the general area similarities. Restricting comparables to an Athletic Conference is not within the contemplation of the statute. Many Athletic Conferences have significant variances within the spectrum of the factors that make up comparables. This Arbitrator is faced with the problem created by the various types of employees covered by the Association (Union) membership.

A significant number of Crandon School District employees are receiving wages that are comparably low. These comparably low wages impact on the employee's ability to afford health care during employment and after retirement. Part-time employees are vital to the School District adequately serving their assigned mission -- caring for the needs of school children.

The fact that the District negotiated some special provision in the termination contract of several full-time employees is not persuasive that the Union's final offer is the better. The District recognizes the significant discrepancies between the various comparables. The District asks the Arbitrator to limit the comparables to the Athletic Conference. The Union reaches beyond the Conference to the larger area of CESA 8 and CESA 9 which encompasses the upper Northeast corner of the state. The Conference limitation is too restrictive. The CESA areas may be somewhat too large but certainly some CESA Districts are worthy comparables.

The Crandon District has shown substantial economic growth and there is no evidence that selection of the Union's final offer will have an unreasonably burdensome impact on the Crandon School District.

This Arbitrator recognized the significant validity of the arguments and facts presented by the District and the Union. The weakness in the Union's final offer is the insertion of the post-employment health care proposal. It has no immediate impact on the wage deficiency that is the primary concern of the Union. It appears to be an effort to open the door to a new form

of compensation. This proposal does not have support throughout the cited comparables. The proposal introduces a change in the status quo of the basic Contract between the Union and the District. Nothing in the multiple exhibits offers support for the post-employment health care proposal. The Athletic Conference and the CESA 8 and CESA 9 references offer little, if any, evidence of how expensive medical care will be in the future. There are many health care proposals which involve the possibility of state and federal governments assuming the cost of medical care. It appears that the District's offer results in some, less than full-time employees, remaining behind legitimate comparables in the wage structure but the Union proposal for post-employment health care as a solution to the compensation deficiency is a step too far.

Accordingly, I choose the Final Offer of the District and direct that it be incorporated in the Contract that is the subject of this Arbitration.

Dated this 20th day of October, 2000.

William G. Callow, Arbitrator