

BEFORE THE ARBITRATOR

In the Matter of the Petition of

SCHOOL DISTRICT OF MONDOVI

To Initiate Arbitration Between Said Petitioner and

WCEA-MONDOVI EDUCATIONAL
SUPPORT PERSONNEL

Case 17 No. 61848

INT/ARB-9805

Dec. No. 30633-A

Appearances:

Mr. Fred Andrist, Executive Director, West Central Education Association, 105-21st Street North, Menomonie, WI 54751 and Mr. Greg Spring, Negotiations Specialist, Wisconsin Education Association, appearing on behalf of the Mondovi Educational Support Personnel.

Mr. Richard J. Ricci, Weld, Riley, Prenz & Ricci, S.C., Attorneys at Law, 3624 Oakwood Hills Parkway, P. O. Box 1030, Eau Claire, WI 54702-1030 and Mr. Glen Denk, District Administrator, School District of Mondovi, appearing on behalf of the School District of Mondovi.

ARBITRATION AWARD

The School District of Mondovi (herein the District or the Employer) is a municipal employer maintaining its offices at 337 North Jackson Street, Mondovi, WI 54755. The West Central Education Association-Mondovi Educational Support Personnel (herein the Union) is a labor organization maintaining its offices at 105-21st Street North, Menomonie, WI 54751. At all times material herein, the Union has been and is the exclusive collective bargaining representative of a bargaining unit consisting of all regular full time and part time non-instructional support personnel of the District, including employees on Board approved leave, but excluding all professional, managerial, supervisory, confidential, and all other employees.

The Union and the District are parties to a collective bargaining agreement covering the time period of

July 1, 2001 through June 30, 2003. Said contract contains a "Limited Reopener Clause" which reads as follows:

This contract shall be reopened for the 2002-2003 contract year, but the reopening is limited to the following:

- A. The 2002-2003 Wage Schedule
- B. The Extra Curricular and Field Trip Wage for Driving and Wait Time
- C. Health Insurance

Negotiations as allowed under the reopener clause for the 2002-2003 school year will begin as soon as the health insurance rates are known and a mutually agreed session date is scheduled.

The parties exchanged their initial proposals and bargained on matters to be included in the collective bargaining agreement. On December 4, 2002 the District filed with the Wisconsin Employment Relations Commission (herein the Commission) a petition to initiate interest arbitration with the Union. On January 29, 2003 a member of the Commission's staff conducted an investigation which reflected that the parties were deadlocked in their negotiations. By May 15, 2003 the parties submitted their final offers to the Commission. On June 5, 2003 the Commission ordered that arbitration be initiated for the purpose of issuing a final and binding award to resolve the impasse existing between the parties. The Commission furnished the parties with a panel of arbitrators for the purpose of selecting a single arbitrator to resolve said impasse. On June 23, 2003 the parties advised the Commission that they had selected the undersigned as arbitrator in this matter.

Hearing was held on September 4, 2003 in Mondovi, WI. Settlement efforts did not resolve the issues. At hearing the parties were afforded the opportunity to present evidence and to make arguments. The hearing was not transcribed. The parties filed briefs and reply briefs.

FINAL OFFERS:

District:

- 1. Article XVI—Insurance

Revise paragraph A to read as follows:

- A. The District shall pay 100% of the cost of a single or 97% of the cost of the family medical insurance for those employees employed full-time on a twelve-month (12) basis. For employees working at least twenty (20) hours per week and nine (9) months (by insurance definitions-720 hours), the District shall pay the cost of a single or at least one-half (1/2) the family medical insurance premium. The District's contribution toward the family premium will be prorated based on hours worked in a year after it exceeds

1040 hours.

2. Appendix A—Wage Schedule

- a. Increase the 2001-2002 wage rates for each classification by 18 cents per hour.
- b. Extracurricular & Field Trips Wages for Driving and Wait Time
2002-2003 \$9.42 per hour

Union:

1. Article XVI—Insurance

Retain current language of Paragraph A

2. Appendix A—Wage Schedule

- a. Increase the 2001-2002 wage rates for each classification by 2.75%
- b. Extra curricular & Field Trips Wages for Driving and Wait Time
2002-2003 \$9.60 per hour

Arbitral Criteria:

Section 111.70(4)(cm) MERA states in part:

- 7. ‘Factor given greatest weight.’ In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give the greatest weight to any state law or directive lawfully issued by a state legislative or administrative officer, body or agency which places limitations on expenditures that may be made or revenues that may be collected by a municipal employer. The arbitrator or arbitration panel shall give an accounting of the consideration of this factor in the arbitrator’s or panel’s decision.
- 7g. ‘Factor given greater weight.’ In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and give greater weight to economic conditions in the jurisdiction of the municipal employer than to any of the factors specified in subd. 7r.
- 7r. ‘Other factors considered.’ In making any decision under the arbitration procedures

authorized by this paragraph, the arbitrator or arbitration panel shall also give weight to the following factors:

- a. The lawful authority of the municipal employer.
- b. Stipulations of the parties.
- c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- d. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.
- e. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.
- f. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the same community and in comparable communities.
- g. The average consumer prices for goods and services, commonly known as the cost of living.
- h. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pension, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining,

mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

POSITION OF THE UNION:

COMPARABLES

The parties went to interest arbitration to resolve their 1986-88 contract. In that case the parties agreed that the other school districts in Mondovi's athletic conference comprised the appropriate set of external comparables. In 1986 Mondovi was in the Middle Border Athletic conference. In 1994 Mondovi became part of the Dunn-St. Croix conference. Currently said conference is made up of the following schools: Boyceville, Colfax, Elk Mound, Elmwood, Glenwood City, Mondovi, Pepin, Plum City, St. Croix Central and Spring Valley. The support staff at three of those schools, i.e., Pepin, Plum City and St. Croix Central, are not unionized and, therefore, those schools should not be part of the comparables. Without the inclusion of the non-union schools, the District has no case, since the changes in premium contributions for employees at Pepin and Plum City and the Boyceville secretaries all involved unrepresented employees. No school district with a unionized workforce changed their employee contribution in 2002-03.

The change in athletic conferences since the prior arbitration should allow a fresh look at the primary comparables. Prescott and Somerset were in the Dunn-St. Croix conference in 2000-01 and 2001-02, but not in 2002-03. Those two schools could be used for comparability purposes since they were in the same conference as Mondovi when the contract began and the support staffs of both schools are unionized. However, whether those schools are included is not seen as a major factor.

The District can afford the Union's final offer. The difference between the two final offers is only \$11,811. The District's enrollment increased by 1.36%, from 1101 to 1116, in 2002-03 as compared to 2001-02. The District had an increase of 4.64% in total allowable revenue in 2002-03 as compared to the prior year. The District had an increase of 6.25% in per member revenue in 2002-03 from the prior year which increase ranked first among the schools in its conference. The Union also pointed to the decrease in the levy rate to support its position. However, its brief incorrectly states that the percentage of decrease for the District ranked second behind Colfax. The percentage was actually seventh among the schools listed on the Union's exhibit 2-7. The median family income has increased by 58% in Buffalo County compared to 49% in the state and 40% in the nation.

WAGES

All of the schools in the conference are settled except Mondovi. The following data shows the settlements for the unionized schools, excluding Prescott and Somerset.

Custodians

The settlement pattern for custodians in 2002-03 is 3.49% (29 cents) at the minimum and 2.84%

(31 cents) at the maximum. The Union's offer is a range of 25 cents to 35 cents. The District's offer is 18 cents, which is a range of 1.41% to 2.01%

Secretaries

The settlement pattern for secretaries in 2002-03 is 3.56% (32 cents) at the minimum and 2.60% (31 cents) at the maximum. The Union's offer is a range of 26 cents to 32 cents. The District's offer is 18 cents, which is a range of 1.54% to 1.93%.

Aides

The settlement pattern for aides in 2002-03 is 3.47% (23 cents) at the minimum and 2.77% (24 cents) at the maximum. The Union's offer is a range of 22 cents to 26 cents. The District's offer is 18 cents, which is a range of 1.88% to 2.24%.

Food Service

The settlement pattern for food service in 2002-03 is 3.23% (25 cents) at the minimum and 2.89% (30 cents) at the maximum. The Union's offer is a range of 22 cents to 26 cents. The District's offer is 18 cents, which is a range of 1.88% to 2.30%.

Bus Drivers

The Union's offer is 2.75%. The District's offer is 18 cents, which is a range of 1.52% at the start rate to 1.29% at the maximum.

The average increase for 2002-03 in the settlement pattern was just over 28 cents per hour. The average wage increase under the Union's offer is 27 cents. Clearly that increase is more comparable to the settlement pattern than is the 18 cents under the District's offer. The same is true in a comparison of percentages. The settlement pattern for 2002-03 was an average of 3.10%. The Union's final offer is 2.75%, while the District's final offer is either 1.81% or 1.85%, depending on whether the bus drivers are included in the calculations. The Union's wage offer is more reasonable in either case.

INSURANCE

The District should not be allowed to change its final offer by now saying the 3% premium contribution would be prospective following receipt of the award.

The District's offer will affect only five employees and is unlikely to have a big impact on containing insurance premiums. Premium increases and employee premium contributions for teacher units and support staff units tend to parallel each other. The exhibits show that, since 1996-97, the District has had below average premium increases in all but two years, 1998-99 and 2002-03. During that same time period, only two Pepin and Baldwin-Woodville increased employee premium contributions for teacher units, while no school in the Dunn-St. Croix conference reduced the district's paid percentage of premiums in support staff units.

Further, there is no quid pro quo offered by the District. The District made no attempt to compensate

the employees for the 3% contribution to the insurance premiums. In fact, the full time, full year employees will owe the District money under the District's offer. Numerous arbitrators have agreed that arbitration is not the place to make such a fundamental change, but rather, such changes should be achieved through the bargaining process. Neither is there any evidence that such cost shifting of premium payments has worked to hold down insurance premium increases. Indeed, the comparable districts have family premium rates that are higher than the District's rates and the majority of those districts already require employee contributions. The premium increases experienced by the District is not out of line with the other districts and is below the Dunn-St. Croix conference average for 2003-04.

PACKAGE

The District did not argue total package costs in reaching a voluntary settlement for 2001-02 when it settled for a 3% wage increase while the health insurance premium increased 20.18%. That argument should not be honored now. Neither should the package cost be compared to the cost of living. Other arbitrators have limited the comparison to wage increases.

Other districts have recognized the need to provide a higher wage rate when requiring an employee contribution to the insurance premiums. This District argues against moving the wage rates up to the average, while seeking to bring the employee insurance contribution up to the average. Further, the teachers and the Superintendent retained their 100% District paid insurance premiums.

The District has failed to either demonstrate a real need for their offer or to include a quid pro quo in their offer.

POSITION OF THE DISTRICT:

COMPARABLES

The appropriate comparable pool consists of the school districts in the Dunn-St. Croix conference as that conference is currently configured. The Union seeks to modify the conference to create a set of comparables more favorable to its offer by excluding the non-union districts, which do not support its offer on health insurance, and including Prescott and Somerset, both of which pay 100% of the employee health insurance premiums. In a previous arbitration both parties agreed that all of the conference schools, union and non-union, should be the comparables. While the District is now in a different conference, the same principles should be applied. The exclusion of the non-union districts is contrary to both statutory mandate and arbitral dicta. Neither should Prescott and Somerset be included in the comparables. Both are greatly influenced by the more prosperous economy of the Twin Cities metropolitan area with annual incomes which are \$10,000-\$15,000 higher than any of the districts in the Dunn-St. Croix conference. Arbitrators have long subscribed to the principle that athletic conferences are reliable indicators of comparability, even where a conference has experienced

recent membership changes.

WAGES

The District does not dispute the Union's assertions that its wages generally are low in comparison to the other conference schools and that the District's proposed wage increase is one of the lower increases given by the comparable districts. The District does dispute the Union's suggestion that the District is in great financial shape and that the Union's higher wage demand is, therefore, justified. In order to balance the District's budgets for both 2002-03 and 2003-04, numerous and significant cutbacks had to be made. The District laid off one teacher and eliminated 3.5 teacher positions, eliminated a .375 aide position and reduced and eliminated programs for 2002-03. For 2003-04 the District eliminated one bus driver position, a guidance counselor position and 2.54 teaching positions, reduced the District Activities Director and support by .15 FTE, eliminated the boy's tennis program and JV and C level athletic teams, reduced the number of middle school athletic contests/activities, reduced the dollars allowed for staff instructional material by 20%, reduced student field trips to one per grade and curtailed staff travel unless federal or other funds are available for reimbursement.

The District attempted to pass a referendum to exceed operational costs above the state-mandated revenue cap once in 1997 and twice in 1998 without success. Moreover, health insurance premiums have increased by 20% in 2001-02 and 39% in 2002-03 for a total increase of \$459,484.79. For the Union to suggest that the District is in good financial shape because its revenues increased by \$363,511 in 2002-03 or because it has a healthy fund balance completely ignores reality.

The District's financial difficulties are evidenced by the voluntary settlement reached by the District and its other organized group, the teachers. For 2001-02 the teachers agreed to a salary schedule increase of .869%/cell, which rolled up to a total package increase of 4.38%. For 2002-03 the teachers agreed to a salary schedule decrease of .869%/cell. The total package increase resulting from this salary arrangement was 6.05%. In comparison, the District's final offer will provide a total package increase of 9.73% for the support staff.

The teachers do receive fully paid health insurance, but they pay 35% of their family dental insurance premiums while the support staff will continue to receive 100% of both single and family dental insurance premiums under the District's final offer. The teachers' 35% contribution equals \$336.00/year for the WEA dental plan and \$383.46/year for the DentalBlue plan-within a few dollars of the \$384.29/year contribution which the five affected full time full year support staff employees would make toward family health insurance premiums under the District's final offer.

Arbitrators have recognized that there is nothing in arbitral case law which dictates that low wage rankings should be rectified through arbitration. All settlements since 1987 have been voluntary. The current economic setting is not the time to require a wage increase higher than the District's modest yet competitive proposal.

INSURANCE

Under the District's proposal single health insurance premiums for full time 12-month employees will continue to be paid 100% by the District. In addition, the District's offer does not change the prorated percentage of health insurance paid for employees who work less than full time 12 months a year. The only change is to require full time 12-month employees to begin paying 3% of their family health insurance premiums, although the contribution will be prospective only, i.e., affected employees will begin contributing toward family health insurance premiums only after the Arbitrator's award is issued.

The District believes it has demonstrated a need for its proposed change. The continuing escalation of health insurance premiums underscores the reasonableness of the District's proposal. The total fringe benefit costs in 2001-02 for this bargaining unit averaged \$5.43/hour as compared to an average hourly wage rate of \$10.63/hour. In 2002-03 the average fringe benefit costs increased by \$1.20/hour to \$6.73/hour, primarily due to the hefty rise in health insurance premiums for that year. The District's health insurance premium increased by 39.21% for 2002-03, which increase was higher than the increase for any other district in the Dunn-St. Croix conference. The exhibits illustrate that the District's proposal to implement employee cost sharing of health insurance premiums is not out of line with actions taken by other employers across the state and the nation. Even though the District's premium rates are lower than many of the other schools, the District will still pay slightly more for health insurance than the average amount paid by the comparable districts because the District's offer calls for only a 3% employee contribution. The average annual amount paid by comparable districts toward family health insurance premiums for full time 12-month employees in the 2002-03 school year was \$12,402.23. Under its final offer, the District would pay \$12,425.23.

The external comparables support the District. For full time 12-month employees, 5 of the 9 districts required employee contributions toward health insurance premiums in 2001-02. In 2002-03 an additional district, Plum City, began requiring a contribution from full time 12-month employees. In all of those districts the contribution level is higher than the 3% in the District's offer both in the percentage and the resulting dollar amounts.

In all of the counties located within the District's boundaries, full time unionized public sector employees are required to contribute toward the cost of family health insurance premiums with the pattern being 15-20%. Only one of those counties offers dental insurance as a fringe benefit. The District's offer continues full payment of single and family dental insurance premiums for full time 12-month employees. The City of Mondovi requires its full time employees, both union and non-union- to contribute 5% toward family health insurance premiums and it has implemented increases in employee deductibles in each of the past three years.

Arbitrators have recognized the validity of employee cost sharing of insurance premiums in the face of rising health care costs.

The problem of escalating health insurance premiums, combined with the clear support among the external comparables, eliminates the need for a traditional quid pro quo. The District cited several arbitration decisions wherein it was concluded that a quid pro quo was not necessary, especially when the proposed change was driven by escalating health insurance costs.

PACKAGE

The District's expenses are increasing at a faster pace than are total state aids and revenues. The District had the 5th highest increase in costs in 2002-03, but had the 3rd lowest increase in state aid among the comparable districts. The District's equalized value is increasing at a slower rate than all but one of the comparable districts and its equalized value per student was lower than all but two of the comparable districts. The income of the District's taxpayers ranks second lowest among the districts listed. Further, a review of the official count on the 3rd Friday in September shows that the District's enrollment is decreasing, not increasing.

If the same parameters used to calculate the compensation package for the District Administrator for 2002-03 were applied to the support staff, they would receive a total package increase that is less than the District's final offer.

When the costs of the parties' offers are compared to the increases in the cost of living index, the District's offer is more reasonable. The average 2002 national CPI increase was 1.4% and the average 2002 north central states CPI increase was .9%. The District's offer provides a total package increase of 9.73%, while the Union's offer provides a total package increase of 10.74%.

The interest and welfare of the public support the District's final offer.

DISCUSSION:

The District relies on the Dunn-St. Croix conference, of which the District is a member, as the comparable school districts. Those districts are Boyceville, Colfax, Elk Mound, Elmwood, Glenwood City, Pepin, Plum City, St. Croix Central and Spring Valley. The Union would exclude the unorganized districts of Pepin, Plum City and St. Croix Central and include two districts, i.e., Prescott and Somerset, which were in the Dunn-St. Croix conference until 2002-03. In its post-hearing brief the District cited several decisions in support of its argument that the Dunn-St. Croix conference is the appropriate group of comparables. The Union presented no convincing argument as to why such a group of comparables should be expanded to include the two districts removed from the conference, namely Prescott and Somerset. The undersigned is persuaded that arbitrators generally find the

athletic conference to provide the best group of comparables and believes such is an appropriate group of comparables herein.

The parties disagree as to whether the unorganized districts in the Dunn-St. Croix conference should be included in the comparables. Both parties cited prior cases to support their respective positions. After reviewing those cases and the arguments of the parties, the undersigned concludes the unorganized districts should not be excluded automatically just because they are unorganized. However, in the instant case, whether the unorganized districts are included in the group of comparables does not appear to be crucial to the outcome of the matter. There is no information in the record concerning wage rates and wage increases for the unorganized districts. Thus, the wage proposals herein will be compared only to the organized districts in the Dunn-St. Croix conference for which information was presented.

Further, the ratio of the districts in the Dunn-St. Croix conference paying less than 100% of the premiums for family health insurance for full time 12 month employees is not dependent on whether the 3 unorganized districts are excluded from, or included in, the comparables. Of the three unorganized districts, Pepin and Plum City pay less than 100% of those premiums, while St. Croix Central pays 100% of the premiums. Among the organized districts Glenwood City and Spring Valley pay 100% of the premiums, Boyceville and Elmwood pay 95% of the premiums, and Colfax and Elk Mound pay 91% of the premiums. Thus, 2 of the 3 unorganized districts and 4 of the 6 organized districts pay less than 100% of the premiums. So the ratio remains at two-thirds in either calculation.

All of the districts, which require employee contributions for the family health insurance premiums, pay a smaller percentage of the premium than the 97% contribution included in the District's offer. For the 6 organized districts in the conference, the district contributions range from 91% to 100% with an average of 95.33%. If the 3 unorganized districts are included with the 6 organized districts, then the average district contribution drops to 94.4%, a relatively insignificant difference. Therefore, the conference comparables favor the District's offer with respect to the level of employee contributions for family health insurance for full time 12-month employees.

The Union argues that the District's offer does not include a quid pro quo for the change it seeks in the status quo, i.e., implementing an employee contribution for the family health insurance. The issue of the need for a quid pro quo, when a change is sought in the status quo, has been discussed by other arbitrators. Some arbitrators have required a quid pro quo. Other arbitrators have not required a quid pro quo when there is support for the change in the comparables. As discussed above, the conference comparables offer substantial support for the change proposed by the District. There is little doubt that the rising health insurance costs are having a major impact on the finances of this District, as well as the rest of the comparables. Whether this District's premium increases are greater or less than the average of the comparables does not alter the fact that all of the comparables are coping with substantial annual increases in health insurance premiums. There is no firm evidence to show that such

premium contributions by employees are a panacea for the rapidly increasing insurance premiums. St. Croix Central and Spring Valley both pay 100% of the health insurance premiums and had premium increases of 36.82% and 32.14% respectively for 2002-03. But, Pepin and Plum City both require employee contributions for the health insurance premiums and their premium increases for 2002-03 were 35.65% and 36.56% respectively. Nevertheless, the cases cited in the District's brief persuade the undersigned that the District's rapidly increasing health insurance premiums provide a sufficient basis to justify a change in the status quo without a traditional quid pro quo.

The other unresolved issue in the final offers is the wage increase for the 2002-03 year. The Union included Prescott and Somerset in its wage comparisons. The exclusion of those districts would leave the following districts as comparables: Boyceville, Colfax, Elk Mound, Elmwood, Glenwood City and Spring Valley. The exclusion of Prescott and Somerset alter the calculations set forth in the Union's brief, both in the percentages and the cents per hour figures. The following chart shows the average increases in cents per hour in the minimum and maximum wage rates among those districts, along with the increases resulting from the final offers of the parties herein. (The figures are not statistically weighted, but merely are averages from the Union's calculations and are adjusted for the exclusion of Prescott and Somerset.)

	<u>Comparables</u>	<u>Mondovi</u>	<u>Union</u>
Aides	23-31	18	22-26
Custodians	24-30	18	25-35
Food Service	18-28	18	22-26
Secretaries	22-30	18	27-32

The District's offer is lower than any of the amounts with the exception of the minimum for food service employees. The Union's offer matches more closely with most of the amounts, although it is high at the maximum for custodians and the minimum for secretaries. The District's offer would result in three rate position changes, i.e., the custodian 3 minimum falling behind the night custodian start rate at Elmwood and both the secretary start rate and the adm. Secretary maximum rate falling behind the secretary rates at Elmwood. The Union's offer would result in position change, i.e., the custodian 2 maximum rate would rise to the Glenwood City maximum rate. In its brief the District acknowledged that its wage rates are low in comparison to the other Dunn-St. Croix districts. It does not appear that acceptance of either offer would alter that relationship to any great extent.

Both final offers exceed the relevant annual cost of living increases both in the average wage increase and in the total package percentage increase. This factor supports the District's offer.

The internal comparables consist of the teacher settlement, which package had a lower total package increase than does the District's final offer in this matter. However, that settlement has unique parameters, i.e., the QEO, which are not mandatory in this case. Thus, it is given limited weight.

The undersigned does not find that the greatest weight factor is controlling in this dispute. This factor was designed to make clear to arbitrators that in making their decisions they did not have the right to set aside limitations on school board spending imposed by state authorities. Although this District is facing tight budgets and difficult spending decisions, the undersigned does not believe implementation of the Union's offer is prevented by those mandates. While state revenue controls must be considered, their existence is not sufficient alone to require adoption of the District's final offer. Similarly, while the data on local economic conditions in the District are relevant and need to be considered, the data presented does not justify giving this factor controlling weight. Although the local economic conditions in the District appear to be less favorable than the local economic conditions for some of its comparables, the differences are not seen to be so great as to mandate acceptance of the District's offer.

The undersigned is not comfortable with either offer. The Union's wage offer is higher than is necessary to be competitive. Conversely, the District's wage offer is too low with respect to the external comparables. If the District's wage offer had been more competitive, the District's final offer would have been much more acceptable, especially because of the external comparables for the District's offer on health insurance premiums. The District made a very plausible case for a change in the current insurance package. It was difficult to select a final offer for that reason and the parties are urged to address the insurance issue in their next negotiations.

After full consideration of the testimony, exhibits and arguments of the District and the Union and their relevance to the statutory criteria in 111.70(4)(cm)7, the undersigned enters the following

AWARD

That the final offer of the Union shall be incorporated into the 2001-2003 collective bargaining agreement between the parties.

Dated at Madison, Wisconsin, this 2nd day of January 2004.

Douglas V. Knudson, Arbitrator