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BEFORE THE WISCONSIN EMPLOYMENT RELATIONS COMMISSION

AUG 1 1978

In the Matter of the Petition of
DRUMMOND EDUCATION ASSOCIATION
To Initiate Mediation-Arbitration
Between Said Petitioner and
SCHOOL DISTRICT OF DRUMMOND

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION
Case VII
No. 22463 MED/ARB-2
Decision No. 16171-A
AWARD in ARBITRATION

I. MEDIATION SESSION. A session to mediate the issues in the above entitled matter was held at the High School at Drummond, Wisconsin on June 5, 1978, beginning at 9 a.m.

II. HEARING FOR FINAL AND BINDING FINAL OFFER ARBITRATION. A hearing for final and binding final offer arbitration was held at the High School at Drummond, Wisconsin on June 6, 1978, beginning at 9 a.m.

III. APPEARANCES AT THE HEARING.

For the Association:

BARRY DELANEY, Union Representative, CHEQUAMEGON UNITED TEACHERS,
Route 1, Box 111, Hayward, Wisconsin 54843

For the District:

WILLIAM G. BRACKEN, Consultant, WISCONSIN ASSOCIATION OF
SCHOOL BOARDS, Inc., Winneconne, Wisconsin 54986

IV. PRESENT AT MEDIATION AND/OR THE HEARING.

For the Association:

Ruth Laube
June Jerome
Karen Kuester
John Bonk
John Lintula
John Hoiby
Elwood Kempster

For the District:

Robert Borck, District Administrator
Lester Gustafson
Kathryn Prens, Principal, High School

V. BACKGROUND.

The proceedings described here are the result of a petition filed by the Drummond Education Association on January 10, 1978, with the Wisconsin Employment Relations Commission requesting that the Commission initiate mediation-arbitration, pursuant to Section 111.70 (4) (cm) 6 of the Municipal Employee Relations Act, for the purpose of resolving an impasse arising in collective bargaining between the Association and the School District of Drummond on matters affecting wages, hours and conditions of employment of employees represented by the Association. An informal investigation was made by Ellen J. Henningsen, a member of the Commission's staff on January 25 and February 14, 1978, and as a result of this investigation, the Commission found that a deadlock within the meaning of Section 111.70 (4) (cm) 6 existed, certified that conditions precedent to the initiation of mediation-arbitration existed, and ordered such mediation-arbitration on March 2, 1978.

The Commission appointed Frank P. Zeidler, Milwaukee, Wisconsin, on March 9, 1978, on the advice of the parties.

The issue between the parties is a proposed Agreement between the parties covering the period from June 30, 1977, to midyear of 1979. The parties were in negotiation since January 17, 1977, and exchanged initial offers on April 14, 1977. The previous agreement expired June 30, 1977.

VI. FINAL OFFERS.

A. The following was the final offer of the District;

WISCONSIN ASSOCIATION OF SCHOOL BOARDS, INC.

Winneconne, Wisconsin

FINAL OFFER

DRUMMOND SCHOOL BOARD'S FINAL OFFER

to the

DRUMMOND EDUCATION ASSOCIATION

for 1977-78 and 1978-79

1. SALARY SCHEDULE

1977-78 - \$9050 base; same increment and lanes as present schedule
(see attached)

1978-79 - \$9400 base; same increment and lanes as present schedule
(see attached)

2. ARTICLE XVIII (Hospital-Surgical Insurance)

Section C: Change to read as follows:

"For 1977-78, the Board agrees that it will pay premium costs up to \$28.00 per month for single coverage and up to \$77.00 per month for family coverage. For 1978-79, the Board agrees that it will pay premium costs up to \$32.20 per month for single coverage and up to \$88.55 for family coverage."

3. ARTICLE XXXI (Extra Work and Compensation)

C. Change "\$5.00" to "\$10.00"

D. Change "\$10.00" to "\$15.00".

1/15/78 William J. ...

Drummond School Board
 PROPOSED SALARY SCHEDULE
 \$9050.00 - Inces at \$100.00
 4% at degree levels

	BA	Bachelors			Masters-Not in Field				Masters-in Field			
		+8	+16	+24	MA	+8	+16	+24	MA	+8	+16	+24
0	\$ 9050	9200	9350	9500	9650	9800	9950	10100	9800	9950	10100	10250
1	9412	9569	9724	9880	10036	10192	10348	10504	10192	10348	10504	10660
2	9774	9936	10098	10260	10422	10584	10746	10908	10584	10746	10908	11070
3	10136	10304	10472	10640	10808	10976	11144	11312	10976	11144	11312	11480
4	10498	10672	10846	11020	11194	11368	11542	11716	11368	11542	11716	11890
5	10860	11040	11220	11400	11580	11760	11940	12120	11760	11940	12120	12300
6	11222	11408	11594	11780	11966	12152	12338	12524	12152	12338	12524	12710
7	11584	11776	11968	12160	12352	12544	12736	12928	12544	12736	12928	13120
8	11946	12144	12342	12540	12728	12936	13134	13332	12936	13134	13332	13530
9	12308	12512	12716	12920	13124	13328	13532	13736	13328	13532	13736	13940
10	12670	12880	13090	13300	13510	13720	13930	14140	13720	13930	14140	14350
11	13032	13248	13464	13680	13896	14112	14328	14544	14112	14328	14544	14760
12	13394	13616	13838	14060	14282	14504	14726	14948	14504	14726	14948	15170
13					14668	14896	15124	15352	14896	15124	15352	15580

DRUMMOND SCHOOL BOARD
 PROPOSED SALARY SCHEDULE
 \$9400.00 - Index at \$150.00
 4% at degree levels

	BA	+8	+16	+24	MA	+8	+16	+24	MA	+8	+16	+24
0	\$ 9400	9550	9700	9850	10000	10150	10300	10450	10150	10300	10450	10600
1	9775	9932	10088	10244	10400	10556	10712	10868	10556	10712	10868	11024
2	10152	10314	10476	10638	10800	10962	11124	11286	10962	11124	11286	11448
3	10528	10696	10864	11032	11200	11368	11536	11704	11368	11536	11704	11872
4	10904	11076	11252	11428	11600	11774	11948	12122	11774	11948	12122	12296
5	11280	11456	11640	11820	12000	12180	12360	12540	12180	12360	12540	12720
6	11656	11842	12028	12214	12400	12586	12772	12958	12586	12772	12958	13144
7	12032	12224	12416	12608	12800	12992	13184	13376	12992	13184	13376	13568
8	12408	12606	12804	13002	13200	13398	13596	13794	13398	13596	13794	13992
9	12784	12988	13192	13396	13600	13804	14008	14212	13804	14008	14212	14416
10	13160	13370	13580	13790	14000	14210	14420	14630	14210	14420	14630	14840
11	13536	13752	13968	14184	14400	14616	14832	15048	14616	14832	15048	15264
12	13912	14134	14356	14578	14800	15022	15244	15466	15022	15244	15466	15688
13	14288	14516	14744	14972	15200	15428	15656	15884	15428	15656	15884	16112
14	14664	14898	15132	15366	15600	15840	16080	16320	15840	16080	16320	16560

B. The following was the Final Offer of the Association:

DRUMMOND EDUCATION ASSOCIATION'S
FINAL OFFER

TEACHING LOAD - ARTICLE XIII

Add new B.

- B. "Commencing the 1978-79 school year elementary teachers if assigned contact time with students which exceeds thirty-one and one half (31½) hours per week will receive overload pay. Overload pay will be at the rate of 0.1% of the teacher's salary times the number of contact hours exceeding thirty-one and one half (31½) hours per week. The overload pay shall be paid for every week that an elementary teacher is assigned more than thirty one and one half (31½) hours of contact time. Contact time is defined as time that a teacher is responsible for the supervision of students during the hours between 8:00 a.m. and 4:00 p.m. Extra work and/or extra-curricular activities that have a negotiated salary, in this agreement, cannot be counted as contact time."

CALENDAR - ARTICLE XV

Delete old language and substitute the following:

- A. "The calendar that teachers will work under is found in ADDENDUM C. If extra days are needed to obtain State Aids, the parties will negotiate an ammended calendar."

HOSPITAL-SURGICAL INSURANCE - ARTICLE XVIII

Delete old A and C and substitute the following for A:

- A. "The Board agrees to provide the same group hospital-surgical insurance coverage that was provided in 1976-77 or its equivalent. The Board agrees that it will pay premium costs up to \$28.00 per month for single coverage and up to \$77.00 per month for family coverage for the 1977-78 year. For the 1978-79 year the Board agrees that it will pay up to \$88.55 per month for family coverage and up to \$32.20 per month for single coverage."

EXTRA WORK AND COMPENSATION - ARTICLE XXXI

- C. Change \$5.00 to "\$10.00"
D. Change \$10.00 to "\$15.00"

Add new F.

- F. "Extra work shall be defined as assigned work in addition to the normal classroom duties and preparation. If the negotiated rate of pay for extra work does not exceed the Federal hourly minimum wage, the employee doing the work shall receive the federal hourly minimum wage. The administrator may request a time sheet filled out by the employee doing the work at the end of the season, the year, or every two weeks. This provision will not be applied to duties performed under the extra-curricular salary schedule."

18/78
12/10

ADDENDUM A
SALARY SCHEDULE

SCHOOL DISTRICT OF DRUMMOND
1977-78

	Outside of field								In field			
	BA	+8	+16	+24	MA	+8	+16	+24	MA	+8	+16	+24
0	\$ 9050	\$ 9204	\$ 9360	\$ 9516	\$ 9672	\$ 9828	\$ 9984	\$10140	\$ 9828	\$ 9984	\$10140	\$10296
1	9410	9572	9734	9897	10059	10221	10383	10546	10221	10383	10546	10708
2	9772	9940	10109	10277	10446	10614	10783	10951	10614	10783	10951	11120
3	10134	10308	10483	10658	10833	11007	11182	11357	11007	11182	11357	11532
4	10496	10677	10858	11039	11220	11400	11581	11762	11400	11581	11762	11943
5	10858	11045	11232	11419	11606	11794	11981	12168	11794	11981	12168	12355
6	11220	11413	11606	11800	11993	12187	12380	12574	12187	12380	12574	12767
7	11581	11781	11981	12180	12380	12580	12780	12979	12580	12780	12979	13179
8	11943	12149	12355	12561	12767	12973	13179	13385	12973	13179	13385	13591
9	12305	12517	12730	12942	13154	13366	13578	13790	13366	13578	13790	14003
10	12667	12886	13104	13322	13541	13760	13978	14196	13760	13978	14196	14411
11	13029	13254	13478	13703	13928	14152	14377	14602	14152	14377	14602	14826
12	13443	13674	13906	14138	14315	14545	14776	15007	14545	14776	15007	15238
13					14758	14996	15234	15472	14996	15234	15472	15710

38
8/21/78

ADDENDUM C
SCHOOL CALENDAR

<u>1977-78</u>		<u>1978-79</u>
August 25 & 26	Teacher Inservice	August 24 & 25
29	First Day for Students	28
Sept. 5	Labor Day (No School)	Sept. 4
Oct. 27 & 28	Teacher's Convention (No School)	Oct. 26 & 27
Nov. 3	End of 1st 9 Week Period	Nov. 2
4	Teacher Inservice (No School)	3
10	Elementary Parent-Teacher Conferences	9
24-25	Thanksgiving Vacation	23 & 24
Dec. 22	Last Day Before Christmas Vacation	Dec. 22
Jan. 2	School Reconvenes	Jan. 2
17	End of 2nd 9 Week Period	19
March 22	End of 3rd 9 Week Period	March 22
23	Teacher Inservice (No School)	23
24-27	Easter Vacation (No School)	April 13-16
28	Elementary Parent-Teacher-Student Conferences	March 27
May 26	End of 4th 9 Week Period	May 25
27	Teacher Inservice (No School)	26

*2/17/78
B.D.*

ADDENDUM D

1978-79 SALARIES

- A. On the first day of August, 1978, all salary rates, salary schedule and extra work schedules shall be increased by a factor to be computed as follows (the EXTRA-CURRICULAR SALARY SCHEDULE will stay the same as for 1977-78):
1. Divide the June 1978 Consumer Price Index by the June 1977 Consumer Price Index.
 2. The factor shall be rounded to the nearest one-thousandth.
- EXAMPLE:
- June 1978 CPI estimate = 191.91
June 1977 CPI estimate = 182.6
 $191.91 \div 182.6 = 1.051$
1.051 x each salary rate for 1977-78
- B. The Consumer Price Index is defined as the unrevised Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics, United States Department of Labor.
- C. The maximum increase of any rate of pay shall be five and one half percent (5.5%) should the CPI increase more than five and one half percent (5.5%).

2/18/78
BJ

VII. MEDIATION. A mediation session was held with the parties on June 5, 1978, and resulted in composing of differences on all issues except the salary schedule. The parties agreed after a considerable amount of exploring settlement that the offers on wages remained at an impasse. The mediator-arbitrator, concluding that a reasonable period for mediation of this issue had elapsed, notified the parties in writing late in the day of June 5, 1978, that a hearing would be held on June 6, 1978, at 9 a.m. for final offer final and binding arbitration on the matter of wage rates.

VIII. THE ARBITRATION HEARING. As noted above, the hearing was held on June 6, 1978, and the parties presented their exhibits on behalf of their offers. Briefs subsequently were exchanged through the mediator-arbitrator on June 30, 1978.

IX. FACTORS CONSIDERED BY THE MEDIATOR-ARBITRATOR.

Section 111.70 (4) (cm) 7 of the statutes states that in making any decision under the arbitration procedures, the mediator-arbitrator shall 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 employes involved in arbitration proceedings with the wages, hours and conditions of employment of other employes performing similar services and with other employes generally in public employment in the same community and in comparable communities and in private employment in the same community and in comparable communities.

"e. The average consumer prices for goods and services, commonly known as the cost-of-living.

"f. The overall compensation presently received by the municipal employes, including direct wage compensation vacation, holidays and excused time, insurances and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

"g. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

"h. 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."

These guidelines will be followed in the analysis of the respective offers.

X. **LAWFUL AUTHORITY OF THE EMPLOYER.** There is no issue as to the lawful authority of the employer to pay either offer.

XI. **STIPULATIONS OF THE PARTIES.** The parties, as was noted, agreed to all matters as to the future contract between them except on the matter of wages.

XII. **THE INTERESTS AND WELFARE OF THE PUBLIC AND THE FINANCIAL ABILITY OF THE GOVERNMENT TO MEET COSTS.**

A. Characteristics of the Drummond School District.

The Drummond School District is in Bayfield County, Wisconsin. It is part of Cooperative Educational Service Agency No. 1 (CESA 1). In CESA 1 there are 16 school districts in parts of Douglas, Washburn, Bayfield, Sawyer, Ashland, Iron and Price Counties (Bd. Ex. 1). The District is also in the Indianhead Athletic Conference which includes the school districts of Bayfield, Bitternut, Drummond, Glidden, Mellen, Mercer, Minong, Ondossagon, Port Wing, Solon Springs, and Washburn (Bd. 3, Dist. 6A).

Bayfield County is a County with an area of 1,460 square miles, and an estimated 1976 population of 12,684, an increase of 3.67% over 1970. The County is 62nd in population⁽¹⁾. With a full value assessment of \$187,573,730 for 1975, it was 57th in valuation.⁽²⁾

The enrollment in the District in 1976-1977 was 603 and in 1977-78, 599 (Bd. 4). The District had three administrators and 40 full time equivalency teachers in 1976-1977 (Bd. 5).

The County had a per capita income of \$3290 in 1974, ranking 68th in the list of per capita income of counties (Bd. 9).

The average net taxable income of taxpayers in the school district in 1974 was \$3819. This ranked 360 in a list of 371 kindergarten-through-12 (K-12) districts (Bd. 11).

Board Exhibit 8, "Employment and Wage Rates Statistics", gave some information provided by the Ashland Employment Office for the 3rd quarter of 1976. The average hourly rate for employees in Bayfield County was \$3.16 as compared to an average hourly rate of \$4.91 for Wisconsin, and \$3.82 for the neighboring County of Ashland. In Bayfield the average hourly rate of government employees was \$3.87 as compared to the average wage of private employees at \$2.99.

(1) 1977 Wisconsin Blue Book, p. 727

(2) Ibid. p. 793

Association Exhibit 6A presented a list of the levy rates of the districts in the Indianhead Athletic Conference for 1977-78, together with equalized valuation, the number of students, and the equalized valuation per student. Drummond had an equalized valuation of \$87,387,500. It had 584 students with a valuation of \$149,636 per student.³ Its levy rate was 12.94 mills. Of the 11 districts in the Indianhead Conference, Drummond had the highest valuation and lowest levy. Though it had the second largest number of students, yet it had the highest valuation per student.

Association Exhibit 8 gave rankings of the Drummond District on selected items as compared to the 16 school districts of CESA #1 and of the 436 school districts in the state. The following table is derived from this exhibit.

TABLE I

RANK OF DRUMMOND SCHOOL DISTRICT IN
EQUALIZED VALUATION, NET INCOME PER MEMBER, TAX RATE,
COST PER MEMBER, AND NUMBER OF MEMBERS, 1975-1976

16 CESA Districts
436 State Districts

<u>Item</u>	<u>Amount</u>	<u>CESA Rank</u>	<u>State Rank</u>
1. Equalized Valuation, per member	\$105,903	1	9
2. Income per member	\$ 8,245	10	312
3. Tax rate	11.84 mills	15	331
4. Cost per member	\$1,564.41	6	59
5. Membership (Students)	590 ³	9	308

Association Exhibits 9 and 10 made a comparison of the Drummond District with the Lac du Flambeau District in Vilas County. The Lac du Flambeau District has 321 pupils as compared to Drummond's 584. It has an equalized evaluation per member of \$217,030, as compared to Drummond's equalized valuation of \$149,636. The State average is \$73,965.

The median income per county household in Vilas County was \$9,180 and in Bayfield County, \$8,295.

(3) The various exhibits of the parties differ on the 1977-1978 enrollment.

Board Exhibit 10 was an exhibit showing the unemployment rate in Bayfield County as compared to the State rate. The County unemployment rate was 6.9% in 1970, as compared to the State rate of 4%. In 1975 it was 9.9% as compared to a State rate of 7%, and in 1976, 10.5% as compared to a State rate of 5.6%.

Board Exhibit 6 was a copy of an address by the President of the United States on April 11, 1978, in which the President called for wage and salary restraints in the public and private sector of the economy. Board Exhibit 7 was a copy of a letter of April 10, 1978, from the President to Governor Schreiber urging restraint on the part of state and local governments in wage increases.

B. The Association's Position. The Association says that the ability to pay is not an issue. It says that the Board never raised the issue during the hearing about the ability to pay. The Association says that the exhibits show that Drummond clearly has a greater ability to pay than any of the other districts in the Indianhead Athletic Conference. The District's revenues come mainly from property taxes, and Drummond has the greatest property evaluation behind each student and the lowest levy rate.

The Association notes that the Lac du Flambeau District has a large property evaluation, is located in the same kind of rural resort area, and has a similar median household income, yet it has a higher salary schedule. The fact should not be overlooked that a Drummond property owner would have to pay more property taxes if the property were located in any other school district in the Indianhead Conference.

Also the Association notes that the Board did not raise the issue during the hearing that the Association offer exceeds the 9-1/2% "cost controls" set by the legislature. The Association's offer for both 1977-1978 and 1978-1979 is 6.2%. This should not be considered as a negative factor.

C. The Board's Position. The Board says that Bayfield County is an economically depressed region. The hourly wage rate is two dollars below the State average, its per capita income is 68th out of 72 counties. Its unemployment is nearly double the State average, and it is very low in average net taxable income. Though the Association relies heavily on the high equalized valuation, yet it does not show how this is relevant. The inflated property values of Drummond are due to absentee owners bidding for property.

The Board holds that income of taxpayers is the only valid criterion for the ability to pay taxes. Drummond has a combination of retirees and extremely low income residents, and thus equalized valuation cannot be used as an argument that the taxpayers have the ability to pay. Tax studies and experts say that the value of property is not a valid basis for determining the ability to pay at any given time. It cites a report of a Commission in State-Local Relations and Financing Policy to the effect that the property tax should not become an excessive burden on those individuals whose income wealth bears no direct relation to their wealth in property.

The Board says that the District receives absolutely no State aid, and has the highest cost per member, according to information from the Wisconsin Department of Public Instruction. (Board's Brief, Appendix I) According to the Board's brief, the total operating costs per pupil for the school year 1976-1977 were \$1,921, an amount higher than similar costs in any other school district in CESA #1. The Board says that this contradicts the Association's Exhibit 8.

The Board also says that Association Exhibit 8 is in error in claiming there are 436 K-12 districts. There are only 371 K-12 districts, and in CESA #1 Drummond ranks last in net income per student, and 312 out of 371 K-12 districts.

The Board rejects arguments of comparability between Drummond and Lac du Flambeau Districts. The latter District is an elementary (K-8) district, receives federal aid, has a higher equalized value than Drummond, and a greater median income per household.

The Board notes the testimony of an Association witness that 50% of the property owners in Drummond reside outside of the District, and 35% outside of Bayfield County, and that the volunteer fire department solicits most of its money from people outside the County. This reinforces the Board's point that local residents can least afford the salary increases.

D. Discussion. On the issue of the ability to pay, the School District of Drummond presents a peculiar situation: it has a very high tax base per pupil, it has the highest per capita school costs, it does not get any State aids, and its residents have a low rate of income in comparison with people in CESA #1; and yet it has a low levy.

The arguments of the parties have been presented above. A principal argument advanced by the Board is that any increase in taxes will fall most heavily on the residents of the District, and these are among the people in the State least able to pay. The Board warns against excessive property taxes that burden the income of people whose income wealth bears no direct relation to their property wealth.

It is apparent from the evidence that a considerable portion of the land ownership within the Drummond District is in the hands of people who live outside the District and presumably in areas where people have higher incomes, since the Drummond area is a recreation area. What percentage of acreage is so owned as compared to that owned by Drummond residents, or what the value of the outside owned property is compared with that of Drummond residents, is not evident. A rough estimate was made by an Association witness that 50% of the owners in the District do not live there.

The arbitrator is of the opinion that the difference in the tax cost for the Association offer as compared to the Board offer would not constitute a burden on outside owners, and is likely to be proportionately slight in its effect on the local residents who may be property owners. In view of the very substantial property tax base per pupil, stated to be \$149,636 per student in 1977-1978 as compared to the bases reported in the other Indianhead Conference districts, most of which are below \$70,000 per pupil, the argument of the inability of the property tax-payers of the District to meet the costs of the Association offer is not persuasive.

However, it must be noted that on just this one item alone of ability to pay, the Association offer is not justified. Other factors must now be considered.

XIII. COMPARABLE DISTRICTS.

The Association used two different groups of school districts for comparison. In Association Exhibits 3A and B it listed 20 school districts that employed 49 teachers or less and which settled their contracts for 1978-1979. These districts were spread throughout Wisconsin. Many, however, were in the far north and northwest counties of Wisconsin, several in the central counties of the State and a few in southeastern counties.

The other list used was a list of school districts in CESA #1 that settled for 1978-1979. These included Ashland, Hayward, Glidden, Ondossagon, South Shore, Solon Springs and Winter.

The Board took the following districts for its comparisons: Bayfield, Butternut, Glidden, Mellen, Mercer, Minong, Ondossagon, Solon Springs, South Shore, Washburn, and Winter. It picked these on the basis of districts of comparable size and included some not in the CESA #1 District, but in the Indianhead Conference.

As to the comparable districts selected by the Board, Drummond enrollment for 1977-1978 was third highest at 599 (Bd. 4). In pupil/staff ratio in elementary and high school levels, it was similar to others in the comparison group (Bd. 3). In ratio of administrators to pupils the Drummond District was fourth in the fewest number of pupils per administrator (Bd. 5). It was fifth in lowest number of teachers per administrator (Bd. 5).

The Association's Position. The Association believes its selection of districts with which to compare is justified on the ground that they include districts of similar size in the State and surrounding districts. It holds that this is so because it picked districts in the same geographic location and of relatively the same size, districts which the parties have used historically as guidelines for establishing wages, hours and working conditions.

The Board's Position. The Board asserts that its selection of districts is more justified than the selection of the Association. The Board says it selected districts in the Indianhead Athletic Conference, because the parties in the past have frequently used these schools in the same geographic locations and of the same size for comparisons. The selection is in rural and northwestern Wisconsin, and the schools are all of approximately the same size in students and teachers.

The Board challenges the Association list for including districts which are not K-12 in character or districts located near a heavy industrialized area. The Board says that there is no evidence to support the inclusion of Ashland or Hayward in a comparison list, and moreover the Association also uses Indianhead Schools when it sees fit, which is an evidence of inconsistency on its part and support for the Board's list.

Discussion. The arbitrator believes that because of the geographical location and economic circumstances of Drummond, districts of similar size in or near the CESA #1 would provide the greatest degree of comparability as to what should constitute a fair wage. However, since the number of such districts which settled is limited, some weight will be given to the information on settlements made elsewhere in districts of similar size.

XIV. COMPARISON OF WAGES, HOURS AND CONDITIONS OF EMPLOYMENT.

A. The Wage Offers of the Parties. The offers of the parties have been stated in their Final Offers before mediation which have been placed in this record. They will be verbally given here in brief but essential form. The Board's offer for 1977-1978 is a \$9,050 base for beginning BA with same increment and lanes as present schedule which means that each lane increases by \$150 at the entrance level, and the increments in each lane are generally equal to an amount obtained by multiplying the entry level of each lane by 4%.

The second year offer of the Board is based on a \$9400 base with lane increases by \$150 at the bottom level, and each lane increasing within itself by an amount equal to the bottom level of the lane multiplied by 4%. The Board describes this as 4% at degree levels.

The Association's offer for 1977-1978 is shown on Addendum A of its offer. It uses slightly higher increments between lanes, ranging up to \$156, and it generally follows a practice of multiplying each 1976-1977 step by 4%, except that in the last step, it increases each step by approximately 4.4%, or a range of \$50 to \$58.

In the 1978-1979 offer the District proposes to take the percentage increase of the Consumer Price Index between June, 1977 and June, 1978 and use this factor to the nearest thousandth and multiply it by each salary rate for 1977-1978 to obtain the salary schedule for 1978-1979. There is a limitation. The maximum increase in the rate of pay shall not exceed 5.5%.

B. Comparisons

The following table gives a comparison of the salary offers at selected steps. This information comes from Board Exhibits 13 and 16, the Board offer and the Association offer.

TABLE II

COMPARISON OF SALARY OFFERS IN SELECTED LANES AND LEVELS AND COMPARISON WITH PREVIOUS YEARS

Year	Step	BA	+8	+24	Step	In Field		
						MA	+8	+24
1975-1976	0	\$ 8,300	\$ 8,450	\$ 8,750	0	\$ 9,050	\$ 9,200	\$ 9,500
	5	9,960	10,140	10,500	5	10,860	11,040	11,400
	10	11,620	11,830	12,250	11	13,032	13,248	13,680 (Top)
1976-1977	0	8,700	8,850	9,150	0	9,450	9,600	9,900
	5	10,440	10,620	10,980	5	11,340	11,520	11,880
	12	12,876	13,098	13,542	13	14,364	14,592	15,040 (Top)
Board Offer 1977-1978	0	9,050	9,200	9,500	0	9,800	9,950	10,250
	5	10,860	11,040	11,400	5	11,760	11,940	12,300
	12	13,394	13,616	14,060	13	14,896	15,124	15,580 (Top)
Assn. Offer 1977-1978	0	9,050	9,204	9,516	0	9,828	9,984	10,296
	5	10,858	11,045	11,419	5	11,794	11,981	12,355
	12	13,443	13,674	14,138	13	14,996	15,234	15,710 (Top)
Board Offer 1978-1979	0	9,400	9,550	9,850	0	10,150	10,300	10,600
	5	11,280	11,460	11,820	5	12,180	12,360	12,720
	12	13,912	14,134	14,578	13	15,128	15,656	16,112 (Top)
Assn. Offer 1978-1979 (5.5%)	0	9,548	9,710	10,039	0	10,369	10,533	10,862
	5	11,455	11,652	12,047	5	12,443	12,640	13,035
	12	14,182	14,426	14,916	13	15,821	16,072	16,574 (Top)

The following table is derived from Board Exhibit 26 and gives the Board's Estimate of Salary Costs.

TABLE III
ESTIMATED COSTS OF BOARD AND ASSOCIATION SALARY OFFERS
(BOARD SOURCES)

<u>Item</u>	<u>1976-1977</u>	<u>Board Offer</u>		<u>Assn. Offer</u>	
		<u>1977-1978</u>	<u>1978-1979</u>	<u>1977-1978</u>	<u>1978-1979</u>
Salaries	\$474,522	\$501,888	\$529,316	\$503,634	\$540,569
% Inc.		5.8	5.5	6.1	7.3

This estimate is challenged by the Association as showing too high a cost for the Association offer.

The Association in its exhibits 7C through 7G gave information which is summarized in the following table.

TABLE IV
ESTIMATED COSTS OF BOARD AND ASSOCIATION SALARY OFFERS
(ASSOCIATION SOURCES)

<u>Year</u>	<u>Actual</u>	<u>Board Offer</u>	<u>% Inc.</u>	<u>Assn. Offer</u>	<u>% Inc.</u>
1976-77	\$474,442				
1977-78		\$495,718	4.5	\$497,369	4.8
1978-79		515,472	4.0	526,250	5.8

The cost of wage increases under the type of salary schedule which involves lanes and steps in each lane may be determined by pinpointing each employee in the schedule and ascertaining where that employee is, and whether employees are at the top and receive only a percentage increase or whether they are in the steps and get both a step increase and a percentage increase. Association Exhibit 7A showed that there were 39 teachers in the system in 1976-1977 of whom 16 were at the top. In 1977-1978 there were 39 teachers of whom 15 were at the top of their various lanes (Assn. 7B). The Association used this specific placement of teachers to determine its cost.

The Board grouped teachers into income groups to show salary increases proposed under the offers for 1977-1978 and 1978-1979. The following table is derived from Board Exhibits 27, 28, 29, and 30.

TABLE V

PROPOSED DOLLAR INCREASES ABOVE PREVIOUS YEAR
FOR GROUPS OF TEACHERS

<u>1977-78 Increase over 1976-77</u>				<u>1978-79 Increase over 1977-78</u>			
<u>Board's Offer</u>		<u>Assn. Offer</u>		<u>Board Offer</u>		<u>Assn. Offer</u>	
<u>Teachers</u>	<u>Amount</u>	<u>Teachers</u>	<u>Amount</u>	<u>Teachers</u>	<u>Amount</u>	<u>Teachers</u>	<u>Amount</u>
10	\$ 518	10	\$ 567-\$596	10	\$ 518	10	\$ 739-\$ 778
5	532	5	632- 682	6	532	8	825- 899
12	712-\$798	10	710- 793	7	740-\$788	7	939- 998
10	816- 896	10	805- 891	13	802- 874	10	1,016- 1,095
2	914- 928	3	922- 982	3	910- 942	2	1,146- 1,193
		1	1,058			2	1,276- 1,336

Association Exhibit 1C showed percentage increases of 1978-1979 offers over 1976-1977. The following information is abstracted from that exhibit.

TABLE VI

% INCREASE OF 1978-79 OFFERS OVER 1976-1977
FOR SELECTED LANES AND STEPS

Level	BA		+8		+24		MA		In Field			
	Bd	Assn	Bd	Assn	Bd	Assn	Bd	Assn	+8		+24	
									Bd	Assn	Bd	Assn
0	8.0	9.7	7.9	9.7	7.7	9.7	7.4	9.7	7.3	9.7	7.1	9.7
5	8.0	9.7	7.9	9.7	7.7	9.7	7.4	9.7	7.3	9.7	7.1	9.7
10	8.0	9.7	7.9	9.7	7.7	9.7	7.4	9.7	7.3	9.7	7.1	9.7
12	8.0	10.1	7.9	10.1	7.7	10.1	7.4	9.7	7.3	9.7	7.1	9.7
13							7.4	10.1	7.3	10.1	7.1	10.1

Board Exhibit 15 listed salary percentage increases for teachers at the top of the schedule for 1975-76 to 1976-77. During this period, the number of steps in the lanes was increased so that employees at the top of the list could proceed to additional steps and also obtain a percentage increase in base pay. The following is an abstraction of this exhibit.

TABLE VII

SALARY PERCENTAGE INCREASE FOR TEACHERS AT TOP OF SALARY SCHEDULE,
1975-1976 to 1976-1977 FOR SELECTED LANES

<u>Lane</u>	<u>Employees at Top</u>	<u>Steps Increased</u>	<u>Inc. \$</u>	<u>% Inc.</u>
BA	0	0	0	0
BA+8	2	2	1268	10.7
BA+24	2	2	1292	10.6
MA	1	2	1332	10.2
MA+8	1	2	1344	10.1
MA+24	(4	2	1368	10.0
	(1	1	972	7.1

Board Exhibits 22 and 23 were exhibits comparing the offer of the Board at selected levels of the lanes for 1977-1978 with 11 districts previously identified as comparable. The following table is abstracted from these exhibits, and to them is added the information on the Association offer. There were some footnotes to these exhibits which are not included here.

TABLE VIII

COMPARISON OF 1977-1978 SALARY OFFERS OF DRUMMOND BOARD AND DRUMMOND ASSOCIATION WITH THE AVERAGE SALARIES IN 11 DISTRICTS IN SELECTED LANES AND LEVELS, AND THE DRUMMOND BOARD RANK

BA

<u>Item</u>	<u>Base</u>	<u>Rank in 12</u>	<u>Top</u>	<u>Rank in 12</u>	<u>Aver. Increm.</u>	<u>Steps</u>
Average Drummond	8,871		12,787		357	11
Board Offer	9,050	1	13,394	2	362	12
Assn. Offer	9,050		13,443			

BA+8

Average Drummond	9,060		12,986		361	10.8
Board Offer	9,200	3	13,616	2	368	12
Assn. Offer	9,204		13,674			

BA+24

Average Drummond	9,447		13,749		373	11.6
Board Offer	9,500	5	14,060	4	380	12
Assn. Offer	9,516		14,138			

TABLE VIII
(continued)

MA (In Field)

<u>Item</u>	<u>Base</u>	<u>Rank in 12</u>	<u>Top</u>	<u>Rank in 12</u>	<u>Aver. Increm.</u>	<u>Steps</u>
Average Drummond	9,526		14,147		380	12.2
Board Offer	9,800	3	14,896	2	392	13
Assn. Offer	9,828		14,996			
MA+8						
Average Drummond	9,673		14,147		395	12
Board Offer	9,950	2 ⁽¹⁾	15,124	2 ⁽¹⁾	398	13
Assn. Offer	9,984		15,234			
MA+24						
Average Drummond	10,165		15,335		409	12.5
Board Offer	10,250	2 ⁽²⁾	15,580	2 ⁽²⁾	404	13
Assn. Offer	10,296		15,710			

(1) 5 Districts do not have this lane

(2) 9 " " " " " "

Board Exhibit 25 was an "Economic Analysis" of the 1978-1979 Drummond Board offer for Bachelor and Master degree lanes in comparison with those of four districts which had already settled. These districts were Ondossagon, Solon Springs, South Shore, and Winter. The following table is derived from this exhibit and from the Association offer. There are some footnotes whose information is not included from this exhibit.

TABLE IX

COMPARISON OF THE 1978-1979 SALARY OFFERS OF THE DRUMMOND BOARD AND DRUMMOND ASSOCIATION WITH THE AVERAGE SALARIES IN 4 DISTRICTS IN SELECTED LANES AND LEVELS, AND THE DRUMMOND BOARD RANK

<u>Item</u>	<u>Base</u>	<u>Rank in 5</u>	<u>Top</u>	<u>Rank in 5</u>	<u>Aver. Increment.</u>	<u>Steps</u>
<u>BA</u>						
Average Drummond	9,425		13,381		380	10.5
Board Offer	9,400	2(4 way tie)	13,912	2	376	12
Assn. Offer	9,548		14,182			
<u>BA+8</u>						
Average Drummond	9,591		13,571		303	10.5
Board Offer	9,550	3(2 way tie)	14,134	2	382	12
Assn. Offer	9,710		14,426			
<u>BA+24</u>						
Average Drummond	9,997 ⁽¹⁾		14,308 ⁽¹⁾			11.7
Board Offer	9,850	3(2 way tie)	14,578			12
Assn. Offer	10,039		14,916			
(1) Offered only by 4 districts						
<u>MA(in Field)</u>						
Average Drummond	10,114		15,076		407	12.2
Board Offer	10,150	4	15,428	2	406	13
Assn. Offer	10,369		15,821			
<u>MA+8</u>						
Average Drummond	10,246		15,267		411	12.6
Board Offer	10,300	3 ⁽¹⁾	15,656	2 ⁽¹⁾	412	13
Assn. Offer	10,533		16,072			
<u>MA+24</u>						
Average Drummond	11,054 ⁽²⁾		17,578		418	13
Board Offer	10,600	2 ⁽²⁾	16,112	2 ⁽²⁾	424	13
Assn. Offer	10,862		16,574			

(1) Only 3 districts offer this lane

(2) Only the Ondossagon District offers this level

Association Exhibits 4, 6B, C, and D present information which does not coincide with Board Exhibits 22 through 25 for Glidden, Ondossagon, and South Shore. The Association contends that the Board exhibits do not show actual tops in these districts. The following table gives a sample of these differences.

TABLE X
COMPARISON OF SELECTED DIFFERENCE BETWEEN
ASSOCIATION EXHIBITS AND BOARD EXHIBITS
FOR CERTAIN SALARIES

<u>1977-78</u>	<u>DEA Ex. 6C&D</u>		<u>Board Ex. 22</u>	
	<u>BA Max.</u>	<u>MA Max.</u>	<u>BA Max.</u>	<u>MA Max.</u>
Glidden	12,717	14,458	12,542	14,284
Ondossagon	13,730	16,279	13,530	16,079
South Shore	12,770	14,614	12,670	14,514
<u>1978-79</u>	<u>DEA Ex. 4</u>		<u>Board Ex. 25</u>	
Glidden	12,717	14,458	Not Reported	
	+ Col	+ Col		
Ondossagon	14,403	17,079	14,203	16,879
South Shore	13,260	15,296	13,160	15,096

Association Exhibit 4 listed the following CESA #1 districts that have settled for 1978-1979: Ashland, Hayward, Glidden, Ondossagon, South Shore, and Solon Springs. The exhibit compared the rank of Drummond in selected lanes at selected levels in 1976-1977 and 1978-1979 and gave percentage increases. The following tables on rank and percentage increase is derived from Association Exhibit 4.

TABLE XI
1976-1977 RANKING OF DRUMMOND AND 1978-1979 RANKING OF
OFFERS FOR SELECTED LANES AND STEPS IN COMPARISON WITH
7 CESA #1 SETTLEMENTS FOR 1978-1979

	<u>Min</u>	<u>BA</u>		<u>MA</u>		<u>MA+</u>	
		<u>% Inc Rank</u>	<u>Max</u>	<u>% Inc Rank</u>	<u>Max</u>	<u>% Inc Rank</u>	<u>Max</u>
1976-1977							
Actual	2nd		3rd		2nd		2nd
1978-1979							
Board Offer	3rd	5th	4th	8th	5th	8th	3rd
Assn. Offer	2nd	4th	4th	6th	3rd	6th	3rd

TABLE XII

PERCENTAGE INCREASES OVER 1976-1977
AS PROPOSED IN 1978-1979

	<u>BA Min</u>	<u>BA Max</u>	<u>MA Max</u>	<u>MA+ Max</u>
Board Offer	8.0	8.0	7.4	7.1
Assn. Offer	9.7	10.1	10.1	10.1

Association Exhibit 6B, C and D listed the 11 districts in the Indianhead Conference and made comparisons of certain positions in the past. The following table is abstracted from these exhibits.

TABLE XIII

BASE AND TOTAL SALARY COMPARISON OF SELECTED DISTRICTS IN
INDIANHEAD CONFERENCE FOR SELECTED LANES
FOR 1976-77 AND 1977-78

1976-77

<u>District</u>	<u>BA Min. Base Pay</u>	<u>Rank</u>	<u>Total Comp.</u>	<u>Rank</u>
Ondossagon	8,800	1	10,865	1
Butternut	8,300	11		
Minong			10,000	11
Drummond	8,700	2	10,437	4

1977-78

Ondossagon	9,050	1	11,419	1
Butternut	8,750	11		
Minong			10,627	11
Drummond				
Board	9,050	1	11,050	5
Assn.	9,050	1	11,050	5

1976-77

<u>District</u>	<u>BA Max. Base Pay</u>	<u>Rank</u>	<u>Total Comp.</u>	<u>Rank</u>
Ondossagon	13,156	1	15,740	1
Solon Springs	11,350	11	13,778	11
Drummond	12,876	3	15,110	3

1977-78

Ondossagon	13,730	1	16,656	1
Solon Springs	11,950	11	14,452	11
Drummond				
Board	13,394	2	15,911	4
Assn.	13,443	2	15,966	4

TABLE XIII
(continued)

1976-77

<u>District</u>	<u>MA Max. Base Pay</u>	<u>Rank</u>	<u>Total Comp.</u>	<u>Rank</u>
Ondossagon	15,635	1	18,514	1
Butternut	12,626	11	14,913	11
Drummond	14,364	2	16,775	2

1977-78

Ondossagon	16,279	1	19,508	1
Butternut	13,285	11	15,725	11
Drummond Board	14,896	2	17,592	4
Assn.	14,996	2	17,704	3

Association Exhibit 3A was a listing of 1978-1979 salaries and percent increase above the 1976-1977 salaries in 20 districts state-wide that settled. The following table is abstracted from this exhibit.

TABLE XIV

RANK OF DRUMMOND COMPARED TO 20 SELECTED DISTRICTS IN
1978-1979 SALARIES ABOVE 1976-1977 SALARIES

<u>School Yr.</u>	<u>BA Min.</u>	<u>In % Inc.</u>	<u>BA Max.</u>	<u>In % Inc.</u>	<u>MA Min.</u>	<u>In % Inc.</u>	<u>MA Max.</u>	<u>In % Inc.</u>
1976-1977	12		5		11		9	
Board Offer 1978-1979	13	16	6	18	15	18	10	19
Assn. Offer 1978-1979	11	13	6	13	11	12	6	14

Board Exhibit 20 was a 1977-1978 comparison of salaries for teachers with a Bachelors degree. Drummond and 11 districts of Bayfield, Butternut, Glidden, Mellen, Mercer, Minong, Ondossagon, Solon Springs, South Shore, Washburn, and Winter were compared. Board Exhibit 21 did the same thing for teachers with a Masters degree. The following table of rank of Drummond is derived from these two exhibits.

TABLE XV

RANK OF DRUMMOND SALARIES FOR SELECTED YEARS OF
EXPERIENCE FOR TEACHERS WITH BA AND MA DEGREES
COMPARED WITH TEACHERS WITH SIMILAR EXPERIENCE
IN 11 SELECTED DISTRICTS

<u>Years</u>	<u>BA</u>	<u>MA</u>
0	1 (3 Tied)	3 (2 Tied)
5	1 (2 Tied)	3
10	3 (2 Tied)	3

Board Exhibit 34 gives data on salary differences due to staff changes. It says that due to two staff changes, it paid \$6,166 less in 1977-78 than in 1976-77. It says that in 1978-79 the salary difference will be \$1,908 less than 1977-78. This latter sum does not reflect a vacancy which has not been filled, nor the cost of one additional staff member.

The exhibit was corrected in the hearing when it was discovered that one position was found to be listed at \$382 too high. The Principal of the High School noted that this position was stated too high for both old staff and new staff estimates. The Association, however, in its brief added this sum to the saving of \$1,908 for new staff and concluded the saving was to be \$2,290 since \$382 was not to be deducted from the cost of old staff.

The High School Principal also said that there could be a saving of up to \$5,000 in the hiring of a new teacher replacement, but if a new teacher is added at \$9400, this amount would be more than the savings made in replacements, including fringe costs.

C. The Association's Position. The Association challenges the validity of Board exhibits on the total costs of the packages including the wage costs. It contends that the administrator testified clearly that Board Exhibit 26 does not reflect actual costs for 1977-78, or 1978-79, but reflects the cost of the offer if the entire 1976-77 staff were still employed. Thus Board Exhibit 26 is worthless for drawing valid conclusions.

The Association also challenges the exhibits presented by the Board which show the differences in costs due to replacement of former teachers by new teachers.

The Association contends that if there was a savings of \$6,166 for 1977-78, for 1976-77 teachers no longer on the staff, then this saving should also be continued into 1978-79. It calculates the savings for 1978-79 to be \$4,730 on these two former employees.

The Association states that the sum of \$2,290 which the Board says will be its saving in 1978-79 due to replacement of teachers is incorrect. In its brief the Association calculated this sum to be \$3,442.

The Association also contends that an additional saving of at least \$2,000 will accrue to the Board when it fills a position in which there was still a vacancy at the time of the hearing.

The Association, adding the sums of \$4,730 and \$3,442, and \$2,000 derived as described, says that the savings to the Board for 1978-79 over 1977-78 from replacements will be \$10,172. It says total savings from not paying social security and retirement for higher paid employees will bring the total to \$12,002. This is in contrast to the Board's claim of only \$1,908 savings.

The Association also challenges Board Exhibits 22, 23, and 25 on salary rates. (See Tables VIII, IX, X) The Association asserts that the salary steps for Glidden, Ondossagon, and South Shore are more than reported in Board Exhibits 22, 23, and 25, for various lanes, and the South Shore payment for credit earned beyond MA up to 28 credits is not reported. Board Exhibit 25 also did not report a cost of living feature in the Glidden settlement for 1978-79.

The Association also says that its Exhibits 3A and 4 (see Tables XIV and XI respectively), are the most important exhibits introduced by both parties. Exhibit 3A shows that 17 of the 20 districts listed are doing a better job of keeping up with rises in the CPI, and Exhibit 4 shows that the Board has been less effective in keeping up than all the districts that settled.

The Association says that in every case the Board's offer has a negative effect on the past ranking of Drummond in relation to other school districts in Association 3A, and this is true for districts compared state-wide, or in the Drummond area or the Indianhead Athletic Conference. (See Tables XI, XIII, XIV)

The Association says that in eight of 11 categories its own offer moves the ranking of teachers downward. Teachers most adversely affected by the Board's offer are teachers at the top of the MA schedule, who are reduced in ranking with schools of relative size and in schools around them. The reduction is not justified by any change in workload.

D. The Board's Position. The Board notes that the Association's final salary offer is unique. It multiplied each of the 1976-77 salary rates on the schedule by four percent, except for the salaries on the last step of the salary which were increased 4.4 percent. In the 1978-79 season, the Association used an assumed 5.5 percent raise and multiplied each individual salary by the 5.5 percent. The Board contends that this is a radical departure from how salary schedules are normally determined in other districts and how they have been determined in the Drummond District.

The Board says that the 5.5% increase in salary will not be the only benefit for the teachers in the steps, but they will get a 4% increment.

The Board proposals, following the basic format of the former salary schedule avoids distortion and skewness which results from the Association method of using percentages. The Board holds that its offer is reasonable when compared with other school districts and says that this is a more straightforward approach than the use of the so-called cost of living index. It notes that the Association never requested a change in increments, lanes, or the salary schedule for the second year in the negotiations.

The Board takes issue with the Association showing comparisons in Association Exhibits 3A and 4 (See Tables XI and XIV) which rely on percentage increases. The Board says that this is faulty, because while some of the examples offered by the Association show larger percentage increases, the actual dollars offered are less. Further, percentage increases do not reveal what went on in the bargaining process, what fringe benefits are available, and whether districts listed by the Association are comparable.

The Board is also critical of Association Exhibit 1C (Table VI) as an exhibit showing percentage increases over two years.

The Board says that this is misleading, because it only reflects comparisons at the same step and does not show the actual percentage increase by teachers who are not at the top. Such teachers receive the percentage increases and a yearly increment which is in effect a double raise in pay.

The Board says that the use of percentage increases in the structure of the Association proposal has hidden and disastrous effects.

As to actual salaries, the Board says that no comparable school district has a higher BA base as proposed by the Board and only one school district grants a higher salary after five or ten years of experience, and this applies also to the MA salaries. (Board Exhibits 20 and 21.) (Table XV)

The Board also says that when the comparison is shown for the salary schedules in the compared districts, Drummond's starting and maximum for 1977-78 is substantially above all other districts, except Ondossagon which historically has been the leader. (Board Exhibits 22, 23 and 25) (Tables VIII and IX)

The Board says that as far as 1978-79, the same general statement can be made that the maximum Board proposal for salary is greater than all other districts which have settled except Ondossagon. The teachers at the top of the schedule in Drummond earn a great deal more money than those in all other districts but one.

The Board says that the Association reported figures for top salary in some districts distorts the actual salary schedules by including longevity. Thus the Association top includes a \$100 bonus for South Shore for 1977-78 and a \$200 bonus in 1978-79; and a \$200 bonus in Ondossagon. (See Table X)

E. Discussion. The subject of base wages alone will be considered here. Top wages that may include bonuses will be considered in the general discussion of overall compensation. Base wages have a critical importance of themselves in that they tend to establish a pattern to which the parties are committed in the future.

The matter of actual wage costs are also to be determined. There is a difference between the estimated costs as shown in Tables III and IV. On the basis of the testimony the arbitrator believes that the Association exhibit more nearly reflects the actual costs of the offers since the actual placing of the teachers in the steps has been taken into consideration, whereas the Board calculation assumes the same complement of teachers in the future as if the complement of teachers in 1976-77 stayed the same through 1978-79.

On the basis of its estimated costs, the Board's estimates of the percentage increase for its offer for 1977-78 and 1978-79 were 5.76% and 5.46% respectively and for the Association's offer the percentages were 6.13% and 7.33% for the same years. In Table IV the Association estimates that the Board offer will cost 4.5% and 4.0% for 1977-78 and 1978-79 respectively while the Association offer will cost 4% and 5.8% respectively for the same years.

It must be noted that the Board said its offer would cost \$6,166 less for the 1977-78 school year because of staff changes, and the savings would be \$1,908 in 1978-79 because of staff changes. These savings would diminish the costs as it shows them in Table III. If these savings are taken into consideration, the Board's cost for 1977-78 would be \$495,722 or an increase of 4.47%.

The Association has contended that the Board's offer for 1978-79 is stated so that it is about \$12,000 too high. If this also is the case, the Board's true cost for 1978-79 would be approximately \$517,316 instead of \$529,316. The percentage increase for the Board of its offer for 1978-79 using the corrected costs of \$495,722 for 1977-78 and \$517,316 for 1978-79 would be a proposed increase of 4.4%. This produces a higher percentage increase for 1978-79 than the Association claims would be the case, namely 4%.

Owing to the difference in calculations of the actual cost of the offers, the arbitrator is not certain what the estimated cost should precisely be, but as said before, the costs projected by the Association (Table IV) seem closer to the true costs. If this is so, the percentage increases proposed by the parties have a bearing, and will be related to the changes in the Consumer Price Index.

This leaves the discussion as to whether the offers are comparable in dollar amounts to comparable districts.

A review of the relationships between Drummond and districts in the area, particularly as shown in comparison with districts in the Indianhead area, shows that the school district of Drummond with its offer for 1977-78 maintains about the same relative status as compared to other districts, except that at the high lanes of BA it tends to fall lower in a comparison list. Among the Indianhead districts, the districts which seem to be closest to Drummond in pattern are the districts of Bayfield, Mellen and Ondossagon. Drummond tends to be second highest among these districts, but tending to be lower in all categories than Ondossagon. The maintaining of this relative status is a factor to be considered in what would constitute a just wage which might have been arrived at without resort to arbitration. The Board offer for 1977-78 seems adequate for base wage if only maintenance of place is considered.

As to the Board's offer for 1978-79, there were only three settlements in the nearby districts of schools of comparable size for judging what the settlement pattern produced in percentage increases at selected levels. The following information is derived from Board Exhibits 22, 23, and 25 and Board Exhibit 16.

TABLE XVI

PERCENTAGE INCREASES FOR SELECTED LANES
FOR 1978-1979 FOR SELECTED SCHOOLS

	BA		BA+24		MA		MA+24	
	Base	Top	Base	Top	Base	Top	Base	Top
Ondossagon	5	5	5	5	5	5	5	5
South Shore	3.9	3.9	3.9	3.9	3.9	3.9		
Solon Springs	5	8.8	4.8	8.4	4.6	8.4		
Drummond								
Board	3.9	3.9	3.7	3.7	3.6	3.6	3.4	3.4
Assn.	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5

It can be seen from this table that the Board offer tends to fall behind current settlements and the Association offer exceeds them, except for top settlements at Solon Springs. This information also supports the contention of the Association in its Exhibit 3A (see Table XIV) that the Board's offer is tending to drop behind for the two years as compared to districts of similar size throughout the State.

One should not fail to note that the above information concerns only employees who are at the bottom or top of the lanes and that those in between get increments as well as increases in percentages. However, the comparison is useful since other teachers in other systems in the progression of steps also enjoy increases in increments as well as basic increases, and the comparison of lanes at the top and bottom gives some idea of what is happening.

On the basis of the foregoing information, the conclusion is that the Board's offer is too low and the Association's offer is too high for a current pattern of settlement around 5%, but that the Association's offer is closer to the norm for 1978-79.

The offers are for two years. The 1977-78 offers are fairly close, but the 1978-79 offer of the Board produces a lagging effect. The conclusion then is that for the two years in question, the Association offer more nearly meets the statutory guideline on the matter of base wages.

In making the above judgment, the arbitrator notes that the Drummond District is among the districts offering a larger number of lanes, and lanes reflecting a higher number of credits. This is a factor to be considered apart from the level of wages, and is a factor favorable to the Board.

XV. COMPARISON OF OVERALL COMPENSATION.

A. Overall Costs. The Association presented Association Exhibits 7C through G which were salary and fringe comparisons for the districts in the Indianhead Conference. The following table is abstracted from these exhibits.

TABLE XVII
COMPARISON OF PROPOSED OVERALL COSTS
(ASSOCIATION ESTIMATE)

Item	1976-77	Bd. Offer		Assn. Offer	
		1977-78	1978-79	1976-77	1978-79
Base Pay	\$474,442	\$495,718	\$515,472	\$497,369	\$526,250
Extra-Curricular	7,475	7,795	7,798	7,795	7,798
Employee Share STRS	24,096	25,176	26,164	25,258	26,702
Employer Share, Soc. Sec.	28,192	30,210	31,919	30,310	32,577
Employer Share STRS	33,252	34,742	36,106	34,856	36,849
Insurance	20,155	28,266	32,554	28,266	32,554
Total	\$587,612	\$621,907	\$650,013	\$623,854	\$662,730
% Increase		5.8	4.5	6.2	6.2

The Board presented its tabulation of costs in Board Exhibit 26. This exhibit is given here. The previous discussion showed that this exhibit's salary component was based on the assumption that all the 1976-77 employees were presumed to have continued through the term of the new Agreement.

TABLE XVIII
TOTAL COSTS OF BOARD AND UNION PROPOSALS
(BOARD ESTIMATE)

	1976-77	Board Offer		Union Offer	
		1977-78	1978-79	1977-78	1978-79
Salaries	\$474,522	\$501,888	\$529,316	\$503,634	\$540,569
S.T.R.S. and Social Security	81,776	87,486	92,686	87,786	97,465
Health Insurance	21,684	28,853	33,184	28,853	33,184
Extra-Curricular	7,350	7,580	8,245	7,580	8,245
Mileage	4,321	5,070	5,422	5,070	5,422
Extra Work	1,075	2,100	2,100	2,100	2,100
Total	\$590,728	\$632,977	\$670,953	\$635,021	\$686,985
Percent Increase		7.15%	6.0%	7.5%	8.2%

It can be seen from the above two tables that there are differences as to the estimates of the costs of base wages and the combination of social security and state teacher retirement (STRS) costs.

B. Comparison of Overall Compensation. The Association presented Association Exhibits 6B, 6C and 6D. These were tables showing the various cost of base salary and fringe benefits for the districts in the Indianhead Conference. The ranking of Drummond in overall compensation is listed in Table XIII. The actual overall costs as estimated by the Association are as follows:

	<u>1976-77</u>	<u>Board 1977-78</u>	<u>Assn. 1977-78</u>
BA Minimum	\$10,437	\$11,050	\$11,050
BA Maximum	15,110	15,911	15,966
MA Maximum	16,775	17,592	17,704

The Board in its Exhibit 24 compared the existing of various fringe benefits with those in the other 11 districts of the Indianhead Conference. Drummond was one of eight districts which agree to pay full health insurance. It was one of seven districts paying for life insurance. It was one of nine districts paying the teacher's share of retirement at the rate of 5%. It was one of eight districts that did not have dental insurance. It was one of eight districts that did not have disability insurance. It was one of five districts allowing up to 12 days sick leave which was the highest number of days granted. It was one of two districts that allowed up to 100 days of accumulated sick leave, the highest total of days to be accumulated. It was one of eight districts granting "Fair Share". It was one of nine districts requiring just cause for discharge. It was one of three districts with a standards clause.

Board Exhibit 12 gave the following summary of total costs for the 1976-77 settlement.

TABLE XIX
SUMMARY OF 1976-77 SETTLEMENT

	<u>1975-76</u>	<u>1976-77</u>
Salary Schedule	\$431,544.00	\$474,522.00
Extra Duty Pay	7,240.00	7,475.00
Hosp.-Surg. Insurance	12,105.72	14,152.68
STRS (employee contribution by Board)	<u>21,039.20</u>	<u>24,088.85</u>
Total	\$453,928.92	\$520,249.53

C. Association's Position. The Association questions the integrity of the Board's exhibits in that it compares Board Exhibit 12, which shows a cost for State Teachers Retirement (STRS) to be \$24,099.85, to a Board exhibit which says that such costs in 1976-77 were \$81,776, a sum which included social security. The Association says that if \$81,776 is correct, and if of this amount \$28,190 is for social security, this would leave \$57,675 for STRS. This is an amount \$35,575 more than the amount of \$24,099.85 shown for the same year. The Association asks why this difference. It also noted that there is a difference in the stated costs of health insurance in the sum of \$7,531 for the year 1976-77. The Association says that without the Board showing who the teachers were for each year, their salaries and fringes, the Board's totals cannot be considered accurate, and the Association totals shown in Exhibit 7B which state who obtained what are accurate.

The Association says that its exhibits show that the Drummond teachers are moving downward in overall compensation and especially teachers with an MA Maximum would move downward from 2nd to 4th in overall comparison within the Indianhead conference in the year from 1976-77 to 1977-78, and this is not justified. They would also drop from 4th to 10th in base salaries when compared on a state-wide basis.

The Association says that from the testimony at the hearing that certain costs were greater and others less than the Association showed in its 1978-79 costs, when these are added together, they constitute a higher cost of only \$235 for 1978-79 for the Board offer and \$253 for the Association offer, and do not change the percent increase in total cost.

The Association also challenges the claimed cost of extra work, rising from \$1,075 to \$2,100; mileage costs which it says should have risen only 7.1% instead of 17.3% as the Board has it, and larger health insurance costs.

D. The Board's Position. The Board notes that the Board is paying the full amount for health insurance and retirement. It offers life insurance and a liberal amount of sick leave. It has granted "fair share" and "just cause" protection to teachers, and a standards clause. No other district offers this much protection.

The Board notes that the President has asked state and local governments to keep their pay increases to a maximum of 5.5%, and calls attention to the tax revolt in California. The Board believes that the overall cost of the Association's proposal is inflationary and unreasonable. The Board defends the holding of the 1976-77 staff constant in order to determine the percentage increase, and says that the testimony of the High School Principal showed that even allowing for staff changes, the actual costs would be greater than the Board estimated because of its practice of hiring experienced teachers and the need to hire additional staff.

The Board says that its present salary schedule reflects its belief that teachers with experience are worth more to school districts. If the Board hires inexperienced teachers, the savings resulting from that belong to the District and not to the teaching staff.

The Board also contends that there are several errors in the Association exhibits on costs, particularly Association Exhibit 7-E. It is the testimony that in this exhibit the salary costs are in error by at least \$250, and further the exhibit is based on the assumption that the Board will hire teachers with a Bachelor's degree and three years experience. The Board says that this is speculation on the part of the Association.

E. Discussion. In the matter of overall costs, the same problem exists here as in the matter of the costs of the base salary: there is a substantial difference in data as to what the true costs are. Again, as in base salary, the data presented by the Association in Association Exhibits 7C through 7G seems weightier in that it attempts to arrive at the actual projected costs by costing out the prospective income of each teacher. It must be recognized however that the Association data does not reflect the cost of extra curricular benefits precisely, and it makes an assumption of the level at which replacement teachers are to be hired. It also does not include the cost of an additional staff member who may be hired.

From the data presented, there is evidence that the Board's offer of base salary, while high in starting salary, tends to produce a lower standing when overall compensation is considered, because some districts have certain fringe benefits like longevity, dental insurance and disability benefits.

The percentage increases for overall compensation shown in Association Exhibits 6B, 6C, and 6D are shown in the following table.

TABLE XX

PERCENTAGE INCREASE IN SALARY AND CERTAIN FRINGE BENEFITS
OF INDIANHEAD CONFERENCE DISTRICTS FROM 1976-1977
TO 1977-1978 SCHOOL YEARS FOR SELECTED LANES

<u>District</u>	<u>BA Min.</u>	<u>BA Max.</u>	<u>MA Max.</u>
Bayfield	6.3	3.9	6.2
Butternut	6.0	5.6	5.4
Glidden	6.1	5.5	5.3
Mellen	6.1	6.0	6.0
Minong	6.3	5.2	5.0
Mercer	6.5	5.5	5.2
Ondossagon	5.1	5.9	5.4
Solon Springs	5.9	4.9	5.5
South Shore	5.9	6.3	5.7
Washburn	5.8	9.3	8.6
Drummond			
Board	5.9	5.3	4.9
Assn.	5.9	5.7	5.5

From this table the arbitrator concludes that the cost of the Association offer is not out of line with what has been paid in other districts in 1977-78, especially since the Drummond District tends to fall in rank, high at the base and dropping at the maximums.

It should be noted from Table XVII that Board overall costs fall from a 1977-78 increase of 5.8% to a 1978-79 increase of 4.5%, whereas the Association offer stays at 6.2% for both years. It is the conclusion of the arbitrator that the overall percentage increase in compensation offered by the Board is not as comparable to what is emerging in the pattern of settlements, and therefore the Association's offer more nearly meets the guidelines.

On variety of fringe benefits, the Drummond District has a superior variety. Although the value of these has not been costed, they must be considered as an off-setting factor to the better offer of the Association in total compensation.

XVI. COST OF LIVING.

A. The Association's Position. The Association Exhibit 1B presented data on the Consumer Price Index. This exhibit showed that the annual average from 1976 stood at 170.5 or an increase of 5.8% over the previous year. It stood at 181.5 for the average for 1977, an increase of 6.5% over 1976. The index stood at 189.8 for March of 1978, as compared to 178.2 for March, 1977, an increase of 6.5%.

The CPI for January, 1971 was 119.2 and January, 1978 was 186.9, a percentage increase over the period of 56.8%.

The Association Exhibit 1A presented tables on the relationship of salaries from January 1971 to January, 1978. The following table is derived from this exhibit.

TABLE XXI

COMPARISON OF PERCENTAGE RISE OF CPI FROM
JANUARY, 1971 TO JANUARY, 1978 AND SELECTED LANES
AND STEPS IN PROPOSED SALARY SCHEDULE

- A. Rise in CPI, January, 1971 to January, 1978 - 56.8%
- B. Percentage in proposed salaries for same period

	<u>BA Base</u>	<u>BA Top</u>	<u>MA Base</u>	<u>MA Top</u>	<u>MA+24 Top</u>
Board Offer	29.3	36.7	30.7	37.9	38.7
Assn. Offer	29.3	37.2	31.0	38.9	39.9

This exhibit also had another table which dealt with the percentage increase of teachers in the lanes who went through a progression of steps over this period. The following information is abstracted from this table.

TABLE XXII

PERCENTAGE INCREASE UNDER PROPOSED OFFER FOR TEACHERS
WHO MAY HAVE BEEN IN SELECTED LANES AND PROGRESSED
THROUGH SELECTED STEPS FROM 1971-1978

	<u>BA Steps 0-7</u>	<u>MA Steps 0-7</u>	<u>BA Steps 5-12</u>	<u>MA Steps 5-12</u>
Board	65.5	67.3	59.5	61.2
Association	65.4	67.7	60.0	61.6

The Association says that this information shows that teachers who received an increment increase every year for the last seven years have not increased their buying power. There were 19 teachers so employed and only eight of them actually gained seven increments. The percentage increases do not take into account the cost of social security, the increase in the income tax and increase in property taxes.

Association Exhibit 20 was a tearsheet from US News & World Report, May 29, 1978, which presented information that there was a squeeze on the average paycheck. While the average weekly wage rose for some employees, the typical worker was worse off than a year earlier because of inflation of prices.

The Association says that its Exhibit 3A (Table XIV) shows that 17 of 20 districts throughout the State have done a better job of keeping up with the CPI than the Board's offer for a BA Maximum, and 18 have done better than the Board in the MA Maximum. The Association's offer is itself below the average of 20 districts in keeping up with the CPI.

The Association contends that neither of the offers match the rise in the CPI from June, 1976 to June, 1977, which was 6.9%. This month was selected as new rates become effective on July 1. The Association presented a table of proposed percentage increases over the previous year, and this is given.

TABLE XXIII

PERCENTAGE INCREASES OF 1977-78 OFFERS OVER 1977-76 WAGES
FOR SELECTED LANES AT SELECTED STEPS

	<u>BA Base</u>	<u>BA Max.</u>	<u>MA Max.</u>	<u>MA+24 Max.</u>
Board	4.0	4.0	3.7	3.5
Association	4.0	4.4	4.4	4.4

The Association says that the CPI increased 6.5% from April, 1977 to April, 1978, and it will be that figure or greater in June, 1978.

The Association also presented information similar to that presented in Table XVI as to percentage increases at selected steps for the various offers. The Association says that from these comparisons of percentage increases being offered, the 16 teachers (41% of the staff) who were at the top of the schedule in 1976-77 will not have kept up with the CPI under either offer. The teachers at the MA maximum would receive only half of the needed increase to keep up their purchasing power with the CPI. It gave examples of teachers who would fall \$1,021 behind in purchasing power of the CPI under the Board's offer and \$559 under the Association's offer, and teachers who would fall behind \$839 under the Board's offer and \$501 under the Association's offer.

The Association also presented calculations of the pay increase that teachers in the steps might expect to receive and concluded from these calculations that the teachers in spite of the increments would have only slightly higher purchasing power or less purchasing power, because the offers do not meet the CPI rise, and taxes of various types are higher.

B. The Board's Position. Board Exhibit 18 was a review of the historical trend of the base BA salary and the Consumer Price Index from 1966-67. It assumed that a teacher entered the Drummond School District in the 1966-67 year at a salary of \$5200 and then progressed to the top of the salary in 1978-79. During this period of time the teacher's BA salary would have increased to \$13,912, or an increase of 151% over 1966-67. The Board chart shows that the national CPI percentage increase was 87% and the Milwaukee CPI increase was 82%.

Board Exhibit 19 showed that the percentage rise in the CPI from April, 1977 to April, 1978 was 6.5%.

Board Exhibit 31 was page 88 of the U.S. Department of Labor, Bulletin No. 1910, 1976 which was the BLS Handbook of Methods. This page described how the Consumer Price Index is developed. Its official name is "Consumer Price Index for Urban Wage Earners and Clerical Workers." A footnote says that the "wage earners and clerical workers" included craftsmen, foremen, and kindred workers, such as carpenters, bookbinders, and so on; operative and kindred workers, such as apprentices in the building trades, and many other number of other categories. The footnote says the definition of these terms "excludes professional, technical and kindred workers, such as engineers and teachers....."

Board Exhibit 32 was a list of the weights given to certain items in making up the expenditure categories.

Of this information the Board says that its Exhibit 18 shows that a Bachelor degree teacher starting in the Drummond School District would have received a percentage increase in salary nearly double that of the Consumer Price Index, and many teachers fit this category of BA teacher.

The Board says that the Board has more vertical lanes, and this provides a greater incentive for teachers to get additional credits and earn a greater increase in salary. Thus teachers have gone to higher lanes, have gone through a new salary lane, and have earned salaries that greatly exceed the "cost of living".

The Board notes that salary schedules necessarily have a "top", but teachers at the top do realize the increase in base salary, and the cumulative effect of the increment increase. Further the Association has never proposed longevity payments for such teachers.

The Board notes also from Board Exhibit 31 that teachers are specifically excluded from the CPI which is based on the buying habits of wage earners and clerical workers. Rural and professional persons's buying habits are much different. The Association presented no evidence why the CPI should be applied to teacher's salaries, and it makes no sense to apply them.

The Board notes that in its Exhibit 32 which shows a medical care component of the "market basket" of goods and services for the urban wage earner, it notes that it already provides full cost of a hospital-surgical health insurance premium for each teacher and to include this factor in the CPI is unreasonable in that it overstates the CPI impact on the teachers.

The Board also cites the Commissioner of the Bureau of Labor statistics to the effect that the CPI is not strictly a cost of living index in that it does not give consideration to how a buyer can substitute some low priced item for a high priced item. The Board also notes that according to its Exhibit 32, it shows that people's buying habits have changed over the years and items have different weights.

The Board says that all this shows that the Association is proposing to use a completely arbitrary figure to determine the 1978-79 salaries and tries to rationalize this with a cost of living index which is actually the CPI. This is an arbitrary and unjustified figure on which to determine wages, and makes for bad management since it removes necessary control from both parties. The Board says that the Association did not give any rational reason as to why the Association selected the 5.5% figure ~~its~~ using for 1978-79.

The Board also notes that the provision proposed by the Association is rarely found in school districts. Relying on the CPI in 1978-79 would have devastating consequences in future negotiations. There will be problems when the parties try to untangle the different increments and lane differentials that will result, and there is no way to escape this consequence and the evil of percentages. The Association is thus relying on an outdated, outmoded and inapplicable Consumer Price Index.

C. Discussion. A primary issue to be discussed here is the Board's contention that the Consumer Price Index is not a proper criterion by which to judge the offers. The Board in its brief made several points which were recited above. These points in partial summary are the contention that the CPI does not apply to teachers, the contention that it does not reflect the cost of living, but only the cost of certain commodities, and the contention that it introduces an improper form of determining wages among teachers since the "cost of living" concept has not been used before.

These matters are worthy of consideration apart from the fact that the arbitrator is instructed by the legal guidelines to give weight to the cost of living.

As to the contention that the CPI does not apply to teachers, the Board exhibit which has been cited said that the definition of wage earner and clerical worker excludes teachers among others. Though this is true, yet the CPI is one of the indicators of what may be happening to prices generally. While there are pockets of the nation in which there are some contrary trends, so that modification of conditions which are occurring would make application of the CPI invalid, the arbitrator is of the opinion that the CPI is a fairly good standard by which to judge the purchasing power of teachers as well as other salaried people. The CPI is not to be discarded simply because the "market basket" of items from whose costs the CPI is developed is not the identical "market basket" that would apply to a

salary of a professional like a teacher, even of a teacher in a rural district. The CPI can be given some weight although not necessarily the same value that would be given to an urban wage earner in a major city.

As to the contention that the CPI does not reflect the cost of living truly, but only the cost of commodities for which substitutions can be made to keep living costs down, this may be true; but again it must be recognized that the CPI is one means of showing price changes and the increased or diminished purchasing power of money. Until a better method is devised to measure "cost of living", it is a reasonable standard by which to judge what is happening to purchasing power of money.

The matter of whether the introduction of the CPI as a factor determining a figure for multiplying against existing salaries to determine what new salaries should be, this is a common method used among other classifications of employees other than teachers. Should it be applicable to the construction of teacher salary schedules with the numerous lanes and numerous increments not present in other schedules of employees?

The arbitrator is of the belief, as said before, that the CPI is useful as a standard to measure what is happening to the purchasing power of salaries, but in fairness to the Employer, this measure should be applied only to the change in total cost to the Employer, and not as an analysis of what happens to each employee in every step. The reason for this opinion is that if the CPI is applied to the top and the bottom of the ranges in order to make them conform to the CPI, then the Employer is not limited just to paying an increase in the CPI, but has also to pay an increment for each step. Thus the use of a CPI figure is fair only if applied to the total cost of compensation or of wages paid by an Employer.

Next there is a question of whether the Association is employing an improper principle in itself by using a CPI figure to determine wages. What the Association is doing here, in the judgment of the arbitrator, is not to use the CPI as it is commonly used to develop a cost of living adjustment (C.O.L.A.) but simply is deciding on a percentage increase which is not certain as of this time, but which is not to exceed 5.5%. In essence this is not much different than the Association's decision to select a 4% increase applied to all steps for 1977-78. The important difference lies in the method by which a percentage increase is applied. The Board applies it only to the base salary of each lane and uses that increment for all steps. The Association multiplies every salary at every step by the same percentage increase.

This then compels the arbitrator to understand what the overall effect will be in terms of dollars and percentages to see how this effect matches the CPI.

One additional matter needs consideration. The Board is protesting that the use of the CPI applied to every salary is destructive of the neat and readily understood arrangement that now exists in which lanes are separated by discrete dollar amounts, and increments are all the same, and determined by multiplying the base figure in each lane by a percentage.

In the arbitrator's experience, school systems use numerous methods to construct salary schedules. Some employ the present system used in the Drummond District. Others use a system in which salaries at each step are determined by multiplying a basic salary by a specific multiplier which is different at each step. In effect, the Association proposal achieves this, and produces a schedule of multipliers with a regular progression of changes. If the Drummond system were to change to this type of salary arrangement, there should not be much more trouble in the future in coming to an agreement about changes than there is now. As an example of the two offers stated in terms of multipliers of a base salary, the arbitrator has prepared these sample charts.

TABLE XXIV

SAMPLE OF MULTIPLICATION FACTORS APPLIED TO BA BASE RATE
FOR CALCULATING ALL SALARIES IN THE SALARY SCHEDULE
(INDEX SYSTEM)
A. 1977-1978

Board Offer - \$9,050 = 1.00

	<u>BA-\$9050</u>	<u>B+8-\$9200</u>	<u>B+16-\$9350</u>
0.	1.00	1.0166	1.0331
1.	1.04	1.057	1.074
2.	1.08	1.098	1.116
3.	1.12	1.138	1.157
4.	1.16	1.179	1.198
5.	1.20	1.220	1.240

Association Offer - \$9,050 = 1.00

	<u>BA-\$9050</u>	<u>B+8-\$9204</u>	<u>B+16-\$9360</u>
0.	1.00	1.0170	1.0342
1.	1.0398	1.0517	1.0776
2.	1.0798	1.0983	1.1170
3.	1.1198	1.1390	1.1583
4.	1.1341	1.1798	1.1948
5.	1.1998	1.2204	1.2411

TABLE XXIV
(continued)

B. 1978-1979

Board Offer - \$9,400 = 1.00

	<u>BA-\$9400</u>	<u>BA+8-\$9550</u>	<u>BA+16-\$9700</u>
0.	1.00	1.0159	1.0319
1.	1.04	1.056	1.073
2.	1.08	1.097	1.114
3.	1.12	1.138	1.156
4.	1.16	1.178	1.197
5.	1.20	1.219	1.238

Association Offer - \$9,400 = 1.00

	<u>BA-\$9548</u>	<u>BA+8-\$9710</u>	<u>BA+16-\$9875</u>
0.	1.0157	1.0329	1.0505
1.	1.0561	1.0743	1.0924
2.	1.0968	1.1156	1.1368
3.	1.1373	1.1569	1.1766
4.	1.1780	1.1983	1.2186
5.	1.2186	1.2395	1.2606

The possibility exists for future negotiations to adjust the difference in lanes and steps either by dollar amounts or by percentages if the Association's method were to be accepted.

The issue of the CPI guideline then reduces itself to the question of whether the increase in the cost of total compensation is out of line with the change in the price level as reflected by the CPI. The change in the price level from June, 1976 to June, 1977 was 6.9%. The change in the price level from June, 1977 to June, 1978 was 7.4%. Referring to Table XVII, which the arbitrator believes reflects more nearly the true overall percentage increases in costs, one observes that the Board's offer results in a percentage increase of 5.8% for 1977-78 and 4% for 1978-79. The Association offer results in increases of 6.2% for each of the two years. Thus the Association offer more nearly reflects the change in purchasing power and therefore with respect to the change in purchasing power more nearly meets the statutory guidelines.

XVII. CHANGES DURING PENDENCY OF PROCEEDINGS.

A change noted during the pendency of the proceedings is the announcement that the consumer price index for June, 1978 is 195.3 for all urban workers and consumers, and this amounts to a 7.4% increase over June, 1977, and a 1% increase for the month. The change is nearly identical for the old urban wage earners and clerical workers index.

XVIII. OTHER FACTORS.

A. Past Increases for Teachers at the Top. A special matter for consideration here is the following Board Exhibit dealing with a 1976-77 settlement. The exhibit is as follows:

TABLE XXV

SUMMARY OF 1976-77 SETTLEMENT

	<u>1975-76</u>	<u>1976-77</u>
Salary Schedule	\$413,544.00	\$474,522.00
Extra Duty Pay	7,240.00	7,475.00
Hosp-Surg Insurance	12,105.72	14,152.68
STRS (employee contribution by Board)	<u>21,039.20</u>	<u>24,099.85</u>
TOTAL	\$453,928.92	\$520,249.53
Average Dollar Increase Per Teacher		<u>\$ 1,700.53</u>
1976-77 Percentage Increase:	<u>14.6%</u>	

Note: An additional TWO steps were added to the top of the salary schedule in 1976-77.

About this information, the Board says that this exhibit is crucial to its case, and that the exhibit is unrefuted evidence that the Board has been extremely receptive to the teachers who are at the top of the salary, by increasing in 1976-77 the number of steps by two. Thirteen of the fourteen employees at the top of the salary schedule in 1975-76 advanced the full two steps and received two full increments in one year, with a benefit of from \$1,268 to \$1,368 on salary as well as additional fringe benefits. This was a 10 to 10.7% salary increase in one year. Teachers within the steps received increases from 7.2% to 9.0%. The teachers on the top of the schedule advancing two steps received from \$412 to \$520 above the other teachers, and their average increase in total benefits was \$1,700 per teacher. This is a 14.7% increase in one year. The Board says that this action of 1976-77 together with its current offer is an evidence of good faith on the part of the Board in addressing the concerns of the Association and employees at the top of the schedule.

The arbitrator reviewing this exhibit and past history believes that this factor of past substantial support is a strong factor for the Employer.

B. The Appeal of the President. The Board has introduced exhibits which are appeals of the President of the United States calling for wage restraints. This is a matter which the arbitrator must consider. The arbitrator is confronted here by two types of standards. One is that which is largely one of comparability of the offers with other wage patterns already existing. The other is a type of patriotic appeal to carry out wage restraints as a part of the national interest. If it's possible to harmonize these two principles, this would be desirable, but they could also be in conflict. However in this case, the offers of the Board are considerably below the wage top of 5% set by the President, and the wage offer of the Association for 1977-78 is below the guideline by 0.7% and for 1978-79 it exceeds it by 0.3%. If there was a gross exceeding of the President's guidelines, the arbitrator would feel a constraint to reject any offer so exceeding the guidelines if the national interest were shown to be compelling; but the Wisconsin statutory guidelines call for comparability, and in view of the fact that the offers are around the level of the President's guideline, the arbitrator believes that he must be considering the matter of comparability and reasonableness of the offers.

C. Costs per Pupil. The Board in its brief submitted information that it had a higher cost per pupil than most other districts. These exhibits were not subject to the cross examination of the Association, but the arbitrator accepts them for some weight.

XIX. SUMMARY.

A. The Association's Position. The Association says in summary that the ability to pay is not an issue, that neither offer keeps up with the cost of living increases, that other districts which have settled have more nearly kept up with the rise in the cost of living, that the Drummond offers will cause the teachers to slip behind, and that all this indicates that the Association offer more nearly meets the statutory guidelines.

B. The Board's Position. In summary, the Board presents the following reasons supporting its offer:

1. The Board offer is highly competitive with comparable school districts.
2. The Board's proposed salary schedule maximums for both years are higher than all 11 districts but one.
3. Bayfield County is economically depressed with residents of low incomes and high unemployment.
4. The Drummond Board gives substantial economic fringe benefits and other intangible union security and job security.
5. The total cost of the Board's offer is reasonable and competitive.

6. Historical evidence shows that the teacher's salaries have exceeded any "cost of living" increase.

7. Last year's settlement increased the top of the schedule by two steps, and some teachers received two increments in one year.

8. The Association has not proved that the use of percentages applied to the schedule in both years is beneficial when in fact it distorts and disrupts the present structure.

The use of the Consumer Price Index marks a radical shift in the previous practice of jointly negotiating a salary schedule. This is not a common practice in other school districts.

For these reasons the Board believes its offer should be designated as the offer to be accepted.

C. Summary Discussion.

Impedances-Stipulations. There are no lawful impedances on the Board as far as either offer is concerned. The parties have reached agreement on all issues but the one of wages.

Ability to Pay. Drummond School District is in an economically depressed county, and residents in its districts have relatively low incomes. However the district has a very high valuation of property per pupil. The argument of inability to pay to meet the costs is therefore not persuasive, and the Association offer therefore is not to be denied just on this ground, nor to be sustained on it either.

Comparability of wages alone. The offers for 1977-78 are nearly the same, but in the offers for 1978-79 the Board's offer tends percentagewise to fall behind existing settlements in its area for most lanes and especially in the higher academic ranges. It should be noted, however, that the Drummond District offers a larger number of lanes and lanes reflecting a higher number of credits, which is a factor in its favor.

The exact cost of basic wages are not certain, but the Association's method of attempting to calculate exact costs for each known teacher more nearly predicts the costs, in the opinion of the arbitrator, than the Board method of assuming the same complement of teachers carrying through from 1976-77 to 1978-79, when in fact some do not continue.

Comparability of overall costs. The same problem exists here as in basic wages. There is a considerable percentage difference in what the true costs are. Again, the arbitrator is of the opinion that the Association by its method of costing out the salaries of actual teachers more nearly ascertains the true costs. Both offers tend to cause the Drummond District salaries to fall in rank with respect to the other districts in the area. The Board offer produces a greater drop in rank. However, the Drummond District tends to be among the higher paying districts currently. Weighing these matters, the arbitrator is of the opinion that the Association offer more nearly meets the statutory guideline on overall costs by a slight margin.

Cost of Living. The Board has made argument to the inappropriateness of the use of the Consumer Price Index as a cost of living feature, and there is some merit to the arguments. However, the arbitrator is constrained to apply a guideline on the cost of living and in absence of a more suitable measure, the Consumer Price Index, in any of its various modes now, is probably the best measure available. According to the change in the CPI, the Association offer more nearly meets this guideline.

The use of the CPI by the Association here is not to develop a cost of living adjustment (C.O.L.A.) system but to find a suitable percentage by which to multiply each step in the salary schedule and reduce the compression on the top ranges. While this method changes the current method of determining base wages between different lanes and increments within the lane, the arbitrator does not believe that this change in itself will produce insurmountable difficulties for the parties in future negotiations.

Changes during the pendency of the matter. The Consumer Price Index is increasing at a rate of about 11% per annum according to the change from May, 1978 to June, 1978, which of course exceeds the offers of either party.

Other factors. A favorable factor for the Board is the substantial salary increase it provided to teachers at the top of the lanes in 1976-77.

The appeal of the President for wage restraints is not to be ignored. In the case of both offers, the Board offer is well below the President's guideline of 5.5% for wages, the Association offer for one year is below this percentage; and in the second year it is slightly above it, so there is not a great violation of this guideline, if it is to be considered for reasons of national interest apart from the statutory guidelines.

General working conditions. The Drummond District appears to have better working conditions than those found in most other districts as far as fringe benefits are concerned, in number of lanes and in general level of salaries.

Conclusion. The general good working conditions with pay levels, fringe benefits, fair share, and a "just cause" clause offered by the Board along with the 1976-77 increase in top pay balances the negative effect lower offer of the Board for 1978-79. What shifts the balance to the acceptance of the Association offer is the rise in the Consumer Price Index which has increased 7.4% from June, 1977 to June, 1978, and the increase at an annual rate of 11%. Acceptance of the Board offer will produce a greater lag that will have to be faced in 1979. The arbitrator is constrained to hold therefore that the Association offer is to be embodied in the Agreement for the 1977-1979 period.

AWARD. The offer of the Drummond Education Association for the 1977-1979 Agreement with the School District of Drummond should be included in the Agreement. The offer meant here is the wage offer, all other matters having been resolved by modifying offers through mediation.

*Frank P. Zeckler
mediator -
arbitrator
August 9, 1978*