STATE OF WISCONSIN

BEFORE THE ARBITRATOR

In the Matter of the Petition of MARATHON TEACHERS ASSOCIATION To Initiate Mediation-Arbitration Between Said Petitioner and SCHOOL DISTRICT OF MARATHON	Case III No. 26688 Med/Arb-842 Decision No. 18110-A

Appearances:

Mr. William G. Bracken, Membership Consultant, Wisconsin Association of School Boards, appearing on behalf of the School District of Marathon.

Mr. Thomas J. Coffey, Executive Director Central Wisconsin UniServ Council-North, appearing on behalf of the Marathon Teachers Association.

Arbitration Award:

On October 9, 1980, the Wisconsin Employment Relations Commission appointed the undersigned as Mediator-Arbitrator, pursuant to 111.70(4)(cm)6b of the Municipal Employment Relations Act, in the matter of a dispute existing between the Marathon Teachers Association, referred hereafter as the Association, and the School District of Marathon, referred hereafter as the Employer. Pursuant to the statutory responsibilities the undersigned conducted a mediation meeting between the Employer and the Association on November 13, 1980. The mediation effort proved unsuccessful and due notice was then given to the parties of their rights to withdraw their final offers under 111.70 (4)(cm)6c. Neither party chose to withdraw its final offer and an arbitration hearing was then held on November 14, 1980. The parties were both present at the hearing and given full opportunity to present oral and written evidence and to make relevant argument. No transcript of the proceedings was made. Briefs were filed by the parties and simultaneously exchanged through the arbitrator on December 22, 1980.

The Issues:

Two issues remained unresolved when the parties reached impasse and these were certified in the final offers of the parties by the WERC as follows:

Employer Final Offer

$11,200 base on existing schedule
4.5% vertical step differential
$175 horizontal step differential

Association Final Offer

1. $11,325 base salary
   4.5% vertical increment
   $175 horizontal increment

2. Article 8 add:

   If an elementary teacher is required to teach a split grade, an additional amount will be added to the contracted salary per annum equal to 5% of the base salary, Bachelor's or Master's.

Statutory Criteria:

The discussion set forth below will evaluate each of the final offers of the parties, taking into consideration as appropriate the following statutory criteria found at Section 111.70 (4)(cm)7 Wisconsin Statutes.

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 the 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, insurance 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.

Discussion

The issue of additional compensation for teaching split grades.

At the present time three of the approximately 44 teachers currently employed by the District have been assigned to teach split elementary grades. The splits occur for grades 1-2, 3-4 and 4-5. These grade levels also are taught by teachers who do not have split grades. The Association has requested via its final offer that those teachers assigned to a split grade will receive an additional five percent of the base salary as extra compensation.

The District's basic position is that "preparation time and on-task teaching time during the working day should be the factors that determine additional pay." The District also argues that with only two districts in the athletic conference paying extra compensation for split grades there is no basis in a "comparables" criterion to support the Association's demand on this issue. According to the District whether its benchmark schools or those of the Association are used such extra payment is not common or prevalent among any of the schools in the area.

The Association on the other hand proposes that the split grade issue is primarily a matter of equity and internal consistency. That is, the District already has contractually agreed in Article 8 of the master agreement that Secondary Teachers will be paid the additional compensation in the amount of 10 percent of the base salary, Bachelor's or Master's.

The arbitrator finds little in the statutory criteria to guide his analysis of the issue. For example, it is clear that although the practice is not widespread in comparable schools the parties failed to make clear in their arguments the prevalence of the practice of split grades. Thus we do not know whether the absence of extra compensation is a consequence of few districts paying extra for split grades or merely that split grades themselves are not prevalent or common. It is possible that those few districts resorting to split grades also provide extra compensation for such assignments. We must therefore look elsewhere to evaluate the parties' respective offers on this issues.

First, it is established that the District has contractually agreed to the payment for work beyond that normally assigned. The above mentioned Article 8 which makes reference to secondary teachers is indicative of this. So too are the Extra Pay Schedules #1 and #2 which provide additional compensation for a variety of so-called co-curricular activities running a gamut from Head Football Coach to Bus Chaperones.

Second, while the District agrees that split grade assignments do entail two different curricula it also contends this does not require more work. In support of this position, the District offers as evidence the schedules of those teachers assigned to split grades as well as those schedules of several teachers who teach

single grades only. (District Exhibit #33). In all cases the time spent in teaching and preparation is virtually identical.

The arbitrator finds himself unpersuaded by the District's reliance on the argument that since the time spent in teaching both types of grades is identical the split grade requires no more of a teacher than a regular grade. Review of the curriculum outlines presented in Association Exhibits 90-93 reveals substantial differences in the content, scope, and complexity of subjects covered.

In fact the problem posed here is not novel by most standards of conventional personnel management practice whether this be in private or public administration. Compensation specialists typically must determine the value of a position or job particularly as it relates to equivalent or similar positions in a given organization.[1/] Through the well established techniques of job analysis and job evaluation tasks and activities are broken down into so-called compensable factors such as knowledge, skill, responsibility and so forth.

Short of the actual application of job analysis one can nevertheless conclude the requirements of the split grade position as these might be measured in terms of knowledge, skill, and responsibility, among others, significantly exceed those of the single grade assignment. The fact that all of these activities must be accomplished by the split grade teachers in the same time as that alloted to the single grade teacher merely underscores the arbitrator's conviction that the work load of the two assignments is substantially different.

Under the above circumstances, the undersigned finds the Association's position on compensation for split grade assignments to be preferable to that of the District.

The issue of the proper salary level.

The parties stand in disagreement as to what should be the base salary paid by the District in the 1980-81 Master Agreement. The Association seeks an increase to $11,325 for the BA base at Step 1 in the salary schedule while the District has offerred in return $11,200. There is no disagreement concerning the vertical and horizontal increments of the schedule.

The parties make reference to nearly all the statutory criteria of 111.70 but the crux of their respective cases lies with considerations relating to cost of living (criterion e) and comparisions of wages and conditions of employment of comparable workers (criterion d.)

Beginning with the application of cost of living criteria, the arbitrator finds that the parties are not in disagreement that prices have risen over the period of the previous contract but rather dispute the magnitude of the rise. This disagreement stems in turn from the yardsticks each proposes as valid measures of increases in prices consumers pay for goods and services. Thus, on the one hand, the Association relies on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as this is compiled by the Bureau of Labor Statistics. On the other, the District challenges the accuracy of the CPI and offers in substitution the U.S. Department of Commerce's Implicit Price Deflator for Personal Consumption Expenditures (PCE).

The differences in the amount of inflation measured by the two indices are not trivial. For example for the period of August 1979 to August 1980 during which the now expired contract was in force the CPI-W measured a price rise of 12.7 percent while that shown by the PCE was on the order of 10.5 percent. The arbitrator finds little merit in the Employer's contention that the CPI is unreliable and should be discarded in favor of the PCE. In the first place, it is not clear that the CPI, because it indicates greater price increases than the PCE is therefore not valid. For example, one neutral expert, Professor Daniel J.B. Mitchell in response to the charge that the CPI exaggerates inflation concludes:[2/]

> It is evident that not all the biases in the CPI push the index upward. Some elements of measurement and methodology have had the opposite effect. Although there is no guarantee that the errors and biases of the CPI will cancel out exactly, critics should avoid concentrating only on particular problems of measurement or concept in evaluating the overall CPI as a measurement of inflation.

1/ See, for example, David W. Belcher, Compensation Administration, 1974, pp 87-105.

2/ "Does the CPI Exaggerate or Understate Inflation?" /103 Monthly Labor Review, 5, p. 32; Jack E. Triplett, "Does the CPI Exaggerate or Understate Inflation? Some Observations," 103 Monthly Labor Review, 5, pp. 33-35; and Janet L. Norwood, "Washington and the Maligned CPI", The New York Times, February 10, 1980.

Mitchell then demonstrates that a more accurate evaluation of the price of housing and automobiles would raise the all items index by 0.4 percent per year.

Some critics of the CPI, however, would not substitute the PCE. Instead a Basic Necessities Inflation Index is proposed which concentrates on price changes for energy, housing, food and medical services which when combined account for some 66 percent of family spending.[3/] In 1979 this particular index showed price increases of nearly 18 percent.

Yet with all its critics and those who propose alternate approaches, the CPI remains the universal standard for measuring price changes in the United States. More than 10 million workers are covered by labor contracts with cost of living adjustment mechanisms and in virtually every case the CPI in one form or another is the accepted yardstick. In addition some 35 million social security beneficiaries and more than 18 million food stamp recipients have their standard of living directly affected by changes in the CPI.[4/] Thus, while it may be correct to say that "Section 111.70 (4)(cm)7e does not specify the Department of Labor's CPI . . ." and that ". . . the drafters of the Statute could have done so if they wished,"[5/] it is also not unreasonable to conclude that the drafters could equally have excluded the use of the CPI. Moreover, given the pervasiveness of the use of the CPI one could also reasonably infer that it was the Department of Labor's and not some other index which the legislature had in mind when it adopted the cost of living criteria of 111.70. In sum, this arbitrator finds the District's grounds to abandon the CPI unwarranted by the authorities it cites or the evidence offered.

A second cost-of-living point proposed by the District is that regardless of whether the CPI or PCE is used to measure inflation the Employer's final wage offer is fair and reasonable as judged by the historical salary treatment of the District's teachers as well as by reference to the "appropriate" comparables. We shall leave the comparability question for later discussion while we look more closely at the District's former contention.

The basis for the argument of equitable historical treatment is to be found in the District's exhibits 48 and 49. These purport to show that salary increases granted "since 1968-69 have greatly exceeded the CPI increase." According to the Employer's data a teacher who first became employed by the District at 0 step in the BA lane in 1968-69 would with no additional educational credits to justify a lane change would have gone from $6,100 to a 1980-81 salary level (using the District's final offer) of $17,248, an increase of 182.8 percent. The equivalent change for the CPI over the same period was said to be 134.0 percent.

The Association takes issue with the District's position as set out above, basically countering that it is misleading to include wage increases earned since 1968-69 as a consequence of increased experience, education and effectiveness. If experience increments are subtracted, even using the current Association offer, the salary increases over the years would be on the order of 87 percent, a far cry from the change in the CPI of 134 percent.

In the opinion of the undersigned the Association's contentions as set out above are not without some logic. Organizations, whether public or private, wish to reward loyalty, motivate higher productivity and in general, recognize an employee's ability to perform in a superior fashion.[6/] School districts are no exception to this rule and faced with obstacles to the adoption of either the incentive systems or rate ranges common to most private and some public employers therefore have installed the now familiar salary grid providing vertical and horizontal salary increments usually calculated against a BA and/or MA base. The average teacher becomes eligible for additions to the base as more experience and/or education is acquired. As the teacher's ability to contribute educationally to his/her employer grows so too the compensation system has been historically structured to recognize these increasing contributions. In the realm of economics such administrative practice is explanable in terms of marginal productivity theory.

3/ Bureau of National Affiars, Daily Labor Report, January 2, 1980, pp. A11-A12.

4/ District Exhibit No. 38.

5/ Arbitrator Arlen Christenson, Buffalo County (Department of Social Services) WERC Dec. No. 17744-A, August 27, 1980, pp. 3-4

6/ Belcher, p. 16.

In any event, the arbitrator is unaware of any evidence from the instant case or elsewhere that experience and educational increments are no more than offsets for inflation as is implicit in the District's position. Merit and ability increments are, and should be, functionally independent of cost of living criteria. Not to do otherwise is, as the Association asserts, misleading.

It is clear that the District's salary offer does not match either the current cost of living as envisioned by criterion "e" of the Statute or its historical antecedents. The arbitrator is not prepared, however, to give this factor controlling weight without an examination of the other major criterion, the so-called comparables. In this respect the arbitrator's task is not made easier by the fact that the parties to the dispute are generally in disagreement as to which set of school districts is most comparable to Marathon. For example, the District argues that the Marawood Athletic Conference is most appropriate while the Association would use only two districts from the Conference, Athens and Edgar, while supplementing these with Wausau, Merrill, Mosinee and D.C. Everest. The rationale for the Association's set of comparable districts is their proximity to the Wausau metropolitan area and the assumption that this generates through its labor market, industrial activities, pressures for salary increases greater than those to be found in the more rural areas of the state.

The Employer disputes this contention arguing that the Districts comprising the Marawood Athletic Conference are matched in size, by faculty, students, and population and are therefore the better benchmarks. Moreover, such Districts as Wausau and D. C. Everest, are many times larger than Marathon, the former with ten times as many teachers and the latter with six times.

The undersigned finds merit to both parties allegations concerning each other's set of comparable school districts and therefore has constructed his own set as a composite of the other two. Based on characteristics of location, number of teachers, student enrollment, community population, and school tax rate, among others, the following districts seem most comparable to Marathon:

Table I

School District	Population	No. of Teachers	Enrollment	Tax Rate
Abbotsford	1375	43.5	715	11.76
Athens	856	38.9	700	11.87
Edgar	928	40.8	758	11.28
Spencer	1181	56.5	877	12.48
Stratford	1239	47.0	856	11.34
Mosinee	2395	108.0	1966	11.80
Marathon	1214	44	727	11.36

These districts appear to show the historical relationships which both parties cite as important in the salary setting process and as well to reflect the influence of the Wausau urban area. They are more or less satellites of Wausau, although not directly incorporated in the urban center and thus comprise what is generally referred to as an orbit of coercive comparison.

Table II below shows the historical movement of base salaries at the BA level for composite comparable school districts both in terms of the absolute base salary and for the percentage change from one school year to the next.

Table II

School District	% change previous Year	1980/81	% change previous Year	1979/80	% change previous Year	1978/79	1977/78
Abbotsford	7.0	11,000	5.9	10,275	5.4	9,700	9,200
Athens	6.7	11,050	6.2	10,355	5.4	9,750	9,250
Edgar	6.8	11,000	6.3	10,300	5.4	9,800	9,300
Spencer[c]	NA	NA	4.8	10,225	4.8	9,850	9,400
Stratford	4.8	10,900	5.0	10,400	5.3	9,900	9,400
Mosinee	8.1	11,510	6.8	10,700	5.8	9,975	9,425
Marathon	8.0	11,200[a]	6.7	10,375	6.0	9,725	9,175
	9.1	11,375[b]					

(a) District Offer
(b) Association Offer
(c) Spencer not available

From the above Table it can be seen that Marathon has improved its ranking of 7th of seven in 1977/78 to 2nd regardless of which final offer is selected for 1980/81. In terms of the external wage structure suggested above Marathon reveals a tandem relationship with Mosinee of very similar percentage changes in the base salary from one year to the next. Most importantly in none of the composite districts is there a salary increase much in excess of 8 percent. Moreover even if Merrill were included in the arbitrator's comparables the rankings and percent changes would not be significantly different. Thus, for example that particular district experienced a 7.9 percent change for 1980/81.

At this point the undersigned is faced with a dilemma created by statutory criteria which point to opposite conclusions. The cost of living criterion shows that even the Association's final salary offer of 9.1 percent change to be well below not only the CPI of 12.7 but also the PCE of 10.5 percent change and of course the District's offer at 8.0 percent is lower still.

The comparables criterion, on the other hand, shows the District's offer on salary to be in line with those districts the arbitrator considers to be relevant benchmarks. Hence, if only a comparables criterion were used the Employer's final offer would be preferred.

One must look elsewhere, therefore, if the dilemma is to be resolved. One such place suggested by the Association is the District's ability to pay. In this regard the Association cites the level of personal income for the District to be well above all other districts in the area. This creates the presumption that there would be no adverse impact on the financial condition of the Employer. The District, however, challenged the reliability of the personal income data as it is collected by the State of Wisconsin and urges that such information be disregarded. The arbitrator in fact is inclined to give little weight to the income data but not for the reasons raised by the District. In fact, the Association raises in its own brief the actions of District's representative in the Merrill case, in mediation-arbitration at the time this award was made, as indicative that the Employer's objections to the personal income data were frivolous in nature. Specifically it was alleged that data from the same source had been submitted to the arbitrator in the Merrill case to support that District's final offer. The undersigned considers this charge serious and if true cause to question the District's credibility. However, the District has not been afforded the opportunity for rebuttal and therefore the allegation itself will be ignored.

As framed in the instant case the District's ability to pay is deemed by the undersigned to have no bearing on the outcome. The Employer has not claimed inability to pay nor the Association supported its position that the District's alleged wealth is sufficient cause in any case to ignore other statutory criteria. The disparity, rather, is one better phrased as unwillingness to pay and as such the reasonableness of this attitude is subject to other criteria including comparables, cost of living, and so forth.

A second approach to resolving the dilemma of cost-of-living vs comparables is suggested by the general norms of bargaining settlements occurring under similar circumstances. Recent reports indicate that bargained wage level settlements for the first six months of 1980 were on the order of 7.2 - 8.5 percent with public employee settlements tending to the lower end of that range.[7/] This reinforces the conclusion that few workers if any are maintaining pace with inflationary price increases.

Third, if one assumes that a relatively fixed amount was initially available to cover the anticipated increase in the District's payroll expenditures the Association could have taken this amount and applied it several ways. One approach might have been as a higher salary increase with little or nothing for other economic improvements. This might have provided the means by which the gap between the rate of inflation and the increase in salaries might have been closed. The Association, however, chose, whether consciously or not, to split up the economic package among several choices only one of which was salary improvement. As a consequence the Association effectively traded off part of its potential salary increase. In view of this as well as the foregoing discussion the undersigned feels the discrepancy between the statutory criteria are resolvable and finds the District salary offer to be preferable.

Finally, in view of the fact that only three of 44 teachers are affected by the split grade issue while all members of the bargaining unit are involved in the salary issue the importance of salaries should be given determining weight in the selection of the final offers of the parties. On balance, therefore, the undersigned renders the following:

AWARD

The final offer of the District is to be incorporated into the Collective Bargaining Agreement for the period beginning August 1, 1980 through July 31, 1981.

Dated at Madison, Wisconsin this 25th day of January 1981.

Richard U. Miller, Arbitrator

7/ See Bureau of National Affairs, Daily Labor Report, January 21, 1981, No. 13, P. B-1 for a survey of state and local government workers collective bargaining settlements in 1980; and U. S. Department of Labor, BLS, News, "Major Collective Bargaining Settlements: First Six Months, 1980," August 6, 1980 for private sector workers.