



There was some disagreement over the costing of the two offers. The Union alleges that their final offer of 7.75% at each step of the existing salary schedule generates a total package increase of 10.45% (Union Exhibit #3) while the Employer's final offer of 5.11% at each step of the existing salary schedule produces a total package increase of 7.98% (Union Exhibit #2). The Union's method of computation is correct except for life insurance. When this correction is made, the Employer's total package offer is 8.01% and the Union's total package offer equals 10.57%. These calculations were made from Exhibit #2, Employer's Reply Brief, as follows:

VTAE DISTRICT ONE  
COMPARISON - COST ESTIMATES  
LAST OFFERS - LOCAL 1714 AND BOARD  
1982-83 SALARIES AND FRINGE BENEFITS  
175.143 FTE TEACHERS

	<u>VTAE District One Board</u>			<u>Local 1714</u>		
	<u>Amount</u>	<u>Average Percent (Mean)</u>	<u>Increase</u>	<u>Amount</u>	<u>Average Percent (Mean)</u>	<u>Increase</u>
SALARIES						
Base Year (1981-82)	\$4,085,597	\$23,327		\$4,085,597	\$23,327	
Adjustment	208,799	1,192	5.11	316,634	1,808	7.75
Increments	65,816	376	1.61	67,430	385	1.65
Total Salaries	\$4,360,212	\$24,895	6.72	\$4,469,661	\$25,520	9.40
FRINGE BENEFITS						
Retirement (@ 5%)	\$ 218,011	\$ 1,245		\$ 223,483	\$ 1,276	
Health Insurance*	247,119	1,411		247,119	1,411	
Life Insurance	46,419	265		48,331	276	
Disability (@ .677%)	29,519	169		30,260	173	
Dental Insurance**	64,114	366		64,114	366	
Total Fringe Benefits	\$ 605,182	\$ 3,456	18.30	\$ 613,307	\$ 3,502	19.89
Total Salaries and Fringe Benefits	\$4,965,394	\$28,351	8.01	\$5,082,968	\$29,022	10.57
Total Increase - Salaries and Fringe Benefits	\$ 368,246	\$ 2,103	8.01	\$ 485,820	\$ 2,774	10.57

\*Reflects the actual premium rate of \$127.98/month family and \$44.88/month single.

\*\*Reflects the actual 11.32% increase from 1981-82.

ANALYSIS OF THE EVIDENCE

The Mediator-Arbitrator evaluated the final offer of the Parties in light of the criteria set forth in Wisconsin Statutes 111.70(4)(cm)7. The criteria includes:

- A. The lawful authority of the municipal employer.
- B. Stipulations of the parties.
- C. The interest and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with

the wages, hours and conditions of employment of other employees performing similar services and with other employees 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 employees, 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.

A. The lawful authority of the municipal employer.

This criteria is not at issue here.

B. Stipulations of the parties.

Except for the salary issue, all other contract items were mutually agreed upon by the Parties.

C. The interest and welfare of the public and the financial ability of the unit of government to meet the cost of any proposed settlement.

The Mediator-Arbitrator recognizes that the interest and welfare of the public require him to take notice of Wisconsin Statute 38.29, which sets forth operational budget limitations prescribed by the legislature for all Vocational, Technical and Adult Education (VTAE) districts in Wisconsin. The statute has been in existence since the 1975-76 school year. It directs the Employer to limit the increase in its operational budget from the 1982-83 school year over the 1981-82 school year to not more than 9.5%. In preparing its 1982-83 budget, the Employer utilized this mandate, and if the Union's offer is accepted by the Mediator-Arbitrator, this limitation will be exceeded, requiring the Employer to make reductions in its personnel or programs to recoup the difference.

The Employer prepared and adopted a budget which is slightly under the 9.5% limitation on spending. It provides for a total wage and employee benefit increase for all of its employees of 8%. The budget anticipates revenues and expenditures, which will result in an increase in the cost/FTE student of 9.47% over the corresponding measure for 1981-82. If the Employer exceeds that limit, Wisconsin Statute 38.29(2) provides for a penalty. The penalty is the reduction in the amount of state funding to which the district would normally be entitled, by an amount approximately equal to the amount which the district had expended beyond the cost control limitation (excess in cost/FTE x no. of aidable FTE's generated).

It appears unlikely that the Employer would incur a penalty if the Union's offer was accepted, since the cost control limitation is placed on the operational budget in its entirety and not on each category, and the Employer has not proved to the undersigned that throughout the entire budget it will exceed this limitation. In fact, Arbitrator Gundermann ruled recently that the custodians working in District One were entitled to a total package increase of 6.75%, which is a net

savings to the Employer from the 8% budgeted for that group of employees. The Employer must also prove that no teacher during the school year will resign and be replaced by a lower paid teacher, which would reduce the cost of instructional personnel and thus lower the operational cost.

Before the School District would receive a penalty for exceeding the "allowable budget," there are appeal systems contained in Wisconsin Statute 38.29(3) as follows:

- (3) In addition to the amounts set forth in sub (1), a district may, upon application to the board before July 1 for the next fiscal year or during the month of February for the current fiscal year, include within allowable budget such additional amounts as determined by the board after the board finds that there is evidence that the budget limitations would prevent support for:
  - (a) The development of new or expanded programs primarily for handicapped students, women or racial minority groups;
  - (b) Documented heat and utility cost increases which exceed 9.5% of the previous year's expenditures for heat and utilities;
  - (c) Utilization of a new or remodeled facility for the first year during which the new or remodeled facility will be utilized; or
  - (d) Compliance with an order of a court or federal or state agency other than an order issued by the board.

It should be noted, however, that the heretofore appeal procedure does not guarantee success. The experience of the Employer, as well as other VTAE districts, is that appeals stemming from labor settlements (voluntary or involuntary) that exceed the cost control limits are often disallowed.

Based on the foregoing, it must be concluded that the Employer has the ability to fund the Union's final offer without impeding upon the interests and welfare of the public and the financial ability of the Employer to meet the costs of that offer.

D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same community and in comparable communities and in private employment in the same community and in comparable communities.

The Parties traditionally have limited their comparables to the remaining Wisconsin VTAE districts. It is the position of the Employer that these comparisons continue to be valid, except special weight should be given to those districts which actually abut the Employer - La Crosse, Wisconsin Rapids, Wausau and Shell Lake. The list of settled VTAE districts, with the source supplied, and the reason to allow or disallow its acceptance for comparability purposes shall follow.

1. Lakeshore Technical Institute (Cleveland) recently settled their 1982-83 agreement (between the filing of the initial briefs and reply briefs. According to school district records, the voluntary settlement was a 5.9% increase in each cell of the 1981-82 salary schedule. The cost of the total package is 9.4%.

2. North Central Technical Institute (Wausau) recently settled their 1982-83 agreement (at time of submission of the initial briefs) according to school district records at 5.9% of each cell for a total package cost of 8.4%.
3. Western Wisconsin Technical Institute (La Crosse) in late July of 1982 received a 6% increase in each cell of the schedule with the provision that additional monies would be provided to the teachers after the insurance package was rebid. This amounted to an additional .4% per teacher according to Fred Skarich, Negotiator for the Union. The total package cost was calculated at 9.95%.
4. Indianhead Technical Institute (Shell Lake) according to Union Representative William Kalin, received a 7% increase in each cell of the 1981-82 salary schedule with a total package cost of 9.34% over last year. The School District contends that the salary increase is 4.04%. The Mediator-Arbitrator was not supplied with the actual 1982-83 contract to verify the veracity of the claims made by the Parties. However, since Mr. Kalin was the negotiator for that contract (as well as this one), the Mediator-Arbitrator decided to give the benefit of doubt to the Union.
5. Madison Technical Institute received a 6.25% increase in each cell of the 1981-82 salary schedule with a total package cost of 8.32%. This was awarded by an arbitrator.
6. Southwest Technical Institute (Fennimore) received a 4% increase of each cell in September, 1982, (or July 1 as alleged by Employer) and an additional 4% increase in each cell in January of 1983 (or February 1 as claimed by the Employer), thus giving a rate increase of 8% with an actual monetary increase of slightly over 6% for the 1981-82 contract year. The total package cost came to 14.8%.
7. Gateway Technical Institute (Kenosha) recently settled their 1982-83 agreement at 5.8% on each cell with a total package increase of 8.9%. This is according to Mr. Riley's letter dated February 2, 1983, to the undersigned.
8. Blackhawk Technical Institute (Jonesville) recently settled their 1982-83 agreement (according to Mr. Kalin's letter dated February 8, 1983, to the undersigned) at 7.72% on each cell. No data was available regarding the total package cost.
9. Mid-State Technical Institute (Wisconsin Rapids) recently settled on a salary schedule for the 1982-83 school year (according to Mr. Kalin's letter dated February 10, 1983, to the undersigned) at an average salary increase on each cell of approximately 6.13%. No data was available regarding the total package cost.
10. Moraine Park Technical Institute (Fond du Lac) received an 8% increase in each cell of the 1981-82 salary schedule (or 7.65% according to Employer). Little weight should be given to this salary comparison in that its settlement was the final year of a two-year package, negotiated when the inflation factor was much higher than at the present time. It would be unfair to give full weight to this district when most of the other schools settled their contracts for 1982-83 during the current economic environment.
11. Milwaukee Technical Institute received an 8% salary increase in each cell of the 1981-82 salary schedule. This district, like Moraine Park, should be given less consideration in that its settlement was the final year of a two-year package negotiated when the inflation factor was much higher than at the present time. It would be unfair to give full weight to this district when most of the other schools settled their contracts for 1982-83 during the current economic environment.

The following salary data is the basis to compare District One with other comparable school districts (excluding Moraine Park & Milwaukee) that have settled contracts during current economic conditions.

<u>Districts Settled</u>	<u>Percentage Salary Increase on Each Cell</u>	<u>Percentage Total Package</u>
Lakeshore	5.9%	9.4%
North Central	5.9%	8.4%
Western Wisconsin	6.0%	9.95%
Indianhead	7.0%	9.34%
Madison	6.25%	8.32%
Southwest	6.0%	14.8%
Gateway	5.8%	8.9%
Blackhawk	7.72%	Not Available
Mid-State	6.13%	Not Available

The average percent increase on each cell is 6.3%, which is closer to the Employer's final offer of 5.11% than 7.75% offered by the Union. If Milwaukee and Moraine Park are included, the data favors the Union's position. Furthermore, the average total package percentage of all these schools listed above is 9.87%, which favors the Union's position. It is clear that when comparing the prevailing wage rates no definitive conclusion can be derived that would give one of the Parties the edge over the other one. The Mediator-Arbitrator, therefore, must turn to other considerations for guidance in this matter.

Employer Exhibits #3 through #6 indicate the Employer's position during the 1981-82 school year in comparison to the other VTAE districts at the BA and MA base and maximum.

1. At the BA base, (Exhibit #3), the Employer is third, with only Milwaukee and Madison paying more;
2. At the BA maximum (Exhibit #4), the Employer is fourth, with only Milwaukee, Madison and Waukesha paying more;
3. At the MA base (Exhibit #5), the Employer is fourth, with only Milwaukee, Wausau and Madison paying more;
4. At the MA maximum (Exhibit #6), the Employer is fourth, with only Milwaukee, Waukesha and Madison paying more.

These Exhibits show that the Employer has traditionally maintained the rank of third or fourth in the state during the 1981-82 year. How this ranking compares with settled and non-settled VTAE districts in 1982-83 is shown in Union Exhibit #7. Those institutions not listed on the Exhibit were calculated by Mediator-Arbitrator from data supplied by Parties either through briefs or subsequent correspondence.

Wisconsin VTAE Districts  
Actual Salaries 1982-83

	<u>BA Minimum</u>	<u>BA Maximum</u>	<u>MA Minimum</u>	<u>MA Maximum</u>
Lakeshore	14,598	23,007	16,364	25,337
North Central	14,500	22,612	17,620	25,732
Western Wisconsin	14,738	22,845	16,679	26,687
Shell Lake	15,006	21,797	16,336	24,787
Southwest				
July 1, 1982	14,024	21,881	15,375	23,839
February 1, 1983	14,564	22,722	15,967	24,756
Gateway	14,754	21,598	16,095	26,009
Blackhawk	15,100	23,132	16,788	26,458
Mid-State	14,549	22,355	16,306	25,912
Madison	16,308	27,770	17,971	29,738
Milwaukee	17,904	29,652	19,582	31,330
Moraine Park	14,404	22,188	16,600	24,940

For the three (3) districts that are not settled as of this date (Waukesha, Appleton and Green Bay) the Employer prepared Exhibit #7, which indicates what adjustment, stated in terms of dollars and percentages, would be necessary in the not settled VTAE districts to alter the Employer's present rank in the foregoing four (4) categories.

	BA BASE (\$15,355/Bd. Offer)			BA MAXIMUM (\$23,368/Bd. Offer)			MA BASE (\$17,448/Bd. Offer)			MA MAXIMUM (\$26,736/Bd. Offer)		
	Current Increase			Current Increase			Current Increase			Current Increase		
	Rank	Needed	%	Rank	Needed	%	Rank	Needed	%	Rank	Needed	%
Eau Claire	3	--	-	4	--	-	4	--	-	4	--	-
Waukesha	4	\$1,149	8.1	3	--	-	9	\$2,027	13.1	2	--	-
Appleton	5	\$1,224	8.7	8	\$2,188	10.3	6	\$1,768	11.3	11	\$2,767	11.5
Green Bay	14	\$1,935	14.4	14	\$3,613	18.3	14	\$2,638	17.8	6	\$1,161	6.4

The import of these two tables is that of those districts which have settled contracts for 1982-83, none increased its salary schedule sufficiently to modify the Employer's present rank of third at the BA Base, fourth at BA Maximum, fourth at MA Base and fourth at MA Maximum if the Employer's final offer is accepted. Of those three districts (other than the Employer) who are in the process of settling, no current board offers would affect the Employer's current ranking, except a settlement requiring a schedule adjustment at the BA Base of at least 8.7% at Appleton, and an adjustment exceeding 6.4% at MA Maximum for Green Bay.

To summarize the analysis of the two tables, these conclusions are formulated.

1. The Employer has traditionally been among the leaders in Wisconsin VTAE Districts, with the only material consistent exceptions being the populous, industrialized districts of Milwaukee, Waukesha and Madison.
2. Implementation of the Employer's final offer will maintain that ranking.
3. The Employer has traditionally been first when compared to the four districts abutting it. (La Crosse, Wisconsin Rapids, Wausau and Shell Lake) except at the MA Base where Wausau is the leader.
4. Implementation of the Employer's final offer will keep the Employer well above the four adjacent districts.
5. The elimination of Milwaukee and Moraine Park enhances the Employer's ranking among the other settled and non-settled VTEA districts with the acceptance of the Employer's final offer.
6. The Union's final offer enhances the ranking from fourth to third in the MA Minimum and the rank order would remain the same in all other categories.
7. The implementation of the Employer's final offer would cause no harm at all, to either the Employer or the members of the bargaining unit.

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

In 1981 when the cost-of-living had risen by 9.5% from June, 1980, to June, 1981, the Union settled for a cell increase of 9%. The 1981-82 CPI (June, 1981 to June, 1982) had risen by 6.9%. Union Exhibit #11 indicates that 51% of the employees in the bargaining unit will receive only the percent increase of the cell of the salary schedule. For the 51% of the unit, the Employer's offer (5.11%) is 1.79% below the CPI change, while the Union's offer (7.75%) is .85% higher than the CPI change.

The Union's argument regarding the consideration of the CPI is flawed. It attempts to compare only salary schedule cell increases and increases in the CPI. This method is not accepted by most arbitrators, including the undersigned.

The proper comparison with the 1980-81 CPI increase of 9.5% is the 11.05% package settlement negotiated by the Parties for the 1980-81 school year. The 1981-82 CPI increase of 6.9% must be compared with 8.01% total package cost of the Employer's offer and 10.57% for the Union. The comparison is more favorable to the Employer's final offer.

The Union's accompanying contention that 51% of the bargaining unit members will only get the "cell increase" of 5.11% is also incorrect. The package increase for these individuals would be at least 6.4%, which compares more favorably with the CPI than the Union's offer, which exceeds it by nearly 2%.

F. The overall compensation presently received by the municipal employees, 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.

This is not an issue, for all 16 VTAE districts offer similar fringe benefits, vacation, holidays and excused time and are experiencing increased student enrollment.

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

The most recent settlements to date, have been reported. The economy has continued to decline and the CPI is at a lower rate of increase. The CPI decline lends further credence to the Employer's final offer.

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.

The Mediator-Arbitrator is aware of the slumping economy. Unemployment is at an all time high since the depression of the 1930's. Plant closings and temporary shut-downs due to loss of business are commonplace, throughout the country. Workers at Eau Claire's largest industrial employer, Uniroyal, Inc., have voted to make wage and benefit concessions. The undersigned, however, does not believe that the present state of economy is as bleak as portrayed by Arbitrator Robert J. Mueller in his November 22, 1982, decision at Madison Area VTAE (WERC XXIX, No. 29999, MED/ARB 1785, Decision No. 19793). The Parties, in addition to the Mediator-Arbitrator, cannot totally ignore the well established basis of interest arbitration, the "prevailing practice," which results from successful collective bargaining due to the bleak economy.

In conclusion, the decision to be made by the Mediator-Arbitrator was one of his most difficult. The evidence supports the Union's final offer on each salary cell if all VTAE districts are considered. If



Milwaukee and Moraine Park are excluded, the salary increase on each cell favors the Employer's position. The Union's total package increase fares better than the Employer's offer regardless of the comparability group. Under the Employer's final offer, the employees maintain their ranking as one of the highest paid in VTAE districts, while under the Union's offer they will increase in rank and pay. The CPI enhances the Employer's final offer. The Employer has the ability to fund the Union's final offer. When the dust settles from the cloud of evidence, the Employer's final offer appears to be the best. Had it not been for the restriction of selecting one final offer over the other, the undersigned would have awarded the employees a total package increase of approximately 9.1%. Unfortunately, we must all abide by the laws of the State of Wisconsin.

AWARD

That any and all stipulations entered into by the Parties and the Employer's final offer be incorporated into the 1982-83 agreement effective July 1, 1982.

  
Richard John Miller

Dated this 18th day of February, 1983

Minneapolis, Minnesota