

STATE OF WISCONSIN
BEFORE THE ARBITRATOR

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* In the Matter of the Petition of *
* THE NORTHWOOD EDUCATION ASSOCIATION *
* To Initiate Mediation-Arbitration *
* Between Said Petitioner and *
* THE NORTHWOOD SCHOOL DISTRICT *
* * * * *

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION
Case XI
No. 30028
MED/ARB 1804

Decision No. 19939-A

I. APPEARANCES

Michael J. Burke, Attorney, Mulcahy & Wherry, S.C.,
appearing on behalf of the Northwood School District.

Barry Delaney, Executive Director, Chequamegon United Teachers,
appearing on behalf of the Northwood Education Association.

II. BACKGROUND

On March 30, 1982, representatives from the Northwood School District (herein after referred to as the "District") and the Northwood Education Association (herein after referred to as the "Association") commenced negotiations for the 1982-83 Collective Bargaining Agreement to take effect August 1, 1982, through July 1, 1983. On August 23, 1982, an investigator from the Wisconsin Employment Relations Commission met with the Parties in an attempt to resolve the dispute. Thereafter the Parties exchanged their final offers and on September 22, 1982, the Commission closed the investigation and ordered the Parties to select a Mediator/Arbitrator.

The undersigned was selected as Mediator/Arbitrator and met with the Parties on November 16, 1982. However, the Parties were unable to come to an agreement over the outstanding issues. The Mediator/Arbitrator then served notice of his intent to resolve the dispute by final and binding arbitration. The Parties waived their respective rights of written notice of such intent and the right to withdraw their final offers as extended by the statute. The Mediator/Arbitrator then conducted an arbitration hearing and received evidence. The Parties agreed to present arguments in written form and reserved the right to submit reply briefs. The exchange of the reply briefs was completed February 1, 1983. Based on a review of the evidence, the arguments and the criteria set forth in Section 111.70(4)(CM)Wis. Stats., the Mediator/Arbitrator renders the following award.

III. FINAL OFFERS AND ISSUES

The Board's final offer is attached as Appendix A and the Association's offer is attached as Appendix B. Stipulations of the Parties are on file at the Wisconsin Employment Relations Commission and are not reproduced here.

A review of the final offers relative to salary schedules reveals that the Board's offer proposes to increase the BA Base from its 1981-82 level of \$11,700 to \$12,285 for the 1982-83 school year and the BA Max. from \$17,160 to \$18,018. They propose to increase the MA salary base from \$12,660 to \$13,293 and the MA Max. from \$18,540 to \$19,467. They also propose to increase the Schedule Maximum from \$18,780 to \$19,719. The Association, on the other hand, proposes to increase the 1981-82 BA Base to

\$12,840.75 and the BA Maximum to \$18,833. They also propose to increase the MA Salary Base to \$13,894.35, the MA Maximum to \$20,347, and the Schedule Maximum to \$20,611.05. Both offers propose to maintain the 1981-82 salary schedule structure. Relative to health insurance, the District offers to pay, expressed as a dollar amount, the equivalent of 100 percent of the health insurance for the 1982-83 school year through May 1, 1983. The Association's final offer demands that the District pay the full cost of health insurance premiums and also demands that coverage and benefits be substantially equal to or better than those in effect during the 1981-82 school year. The offers are identical on STRS and Life Insurance.

The Parties also disagreed over two ancillary issues which have impact on the comparison of the two final offers. These ancillary issues are costing of the offers and which school districts should constitute comparable districts. These two ancillary issues will be discussed first.

A. Comparable Districts

Arguments By The Association

It is the Union's position that the primary comparable districts should be the districts within both the Lakeland and Indianhead Athletic Conferences. They note that although Northwood is presently a member of the Lakeland Athletic Conference, it was a member of the Indianhead Athletic Conference just two years ago. While it is true that Northwood is larger than other schools in the Indianhead District with the exception of one, the Union believes their reliance on this additional athletic conference is justified because there are only two settlements in the Lakeland Athletic Conference. They believe it is legitimate for the Indianhead districts to be considered as part of the primary comparables because they would have been considered just two years ago. They also believe that by including the districts in the Indianhead Conference it gives the Arbitrator a larger base of relatively similar-sized districts to consider. They note that Northwood is the northern-most district in the Lakeland Athletic Conference and is at the most-southern end of the Indianhead Athletic Conference. As such as it is located very close to the middle of all districts, they believe this helps establish a basis for comparability to the combination of the two athletic conferences. They also note that none of the Lakeland districts are contiguous to Northwood, but two of the Indianhead districts are.

The Association also makes comparisons to 29 districts that have settled their contracts for the 1982-83 school year in CESA districts 1, 4, 5, and 6 which are located in the northwestern corner of the state. They believe that using these 29 districts as comparables is justified because all these districts are in the same corner of the state as Northwood and because they support the settlement pattern of Lakeland and Indianhead Athletic Conferences. They believe these Districts share common economic conditions and that Northwood's ranking should not greatly vary from what it has been historically in these districts.

Arguments By The District

It is the position of the District that the Lakeland Athletic Conference is most comparable to Northwood. The District supports this assertion with comparative data analysis along the parameters which they believe are most commonly used to determine comparability. They note that the average pupil membership and full-time equivalency of the Northwood District is very close to the average for the Lakeland Athletic Conference. For the 1981-82 school year, Northwood had an enrollment of 562 students compared to the average of 536 students in the Lakeland Conference. Regarding staffing levels, the average staff for the 1981-82 school year was 36.1 compared to Northwood's 35.74. They also note that the pupil-operating cost at Northwood was \$2,350.08 per pupil, slightly below the average of \$2,482.88 per pupil for the Lakeland Athletic Conference.

The Board also takes the position that the Association's expanded set of comparables is inappropriate. First, they note that the Lakeland Athletic Conference has been historically utilized as the appropriate comparable group by Arbitrators involving awards in Lakeland Athletic Conference schools. Thus historically Lakeland Athletic Conference schools have been compared to none other than Lakeland Athletic Conference schools. Moreover, they believe the Association's reliance on the school districts in the Indianhead Athletic Conference is inappropriate. Not only are Indianhead schools less geographically proximate to Northwood, they are also significantly smaller in terms of student enrollments. The District believes the inclusion of these districts would run contrary to arbitral precedent and does not believe the fact that Northwood was a member of this athletic conference three years ago justifies their inclusion as appropriate at this time.

Discussion

It is the finding of the Mediator/Arbitrator that the Lakeland Athletic Conference should generally serve as the primary comparable group. This Mediator/Arbitrator, as many, has generally relied upon the athletic conference as the primary comparable unless both Parties agree to look outside the athletic conference or unless there is some other compelling reason not to limit the primary consideration to the athletic conference. In this case, however, there may be a need to give some secondary weight to schools outside the athletic conference because of the fact that only 2 of 15 schools in the Lakeland Athletic Conference are settled at the time of the hearing. It should also be noted that although there are only two schools settled at the time of the hearing, there were two schools with certified final offers from which helpful inferences may be drawn. While there is no justification to include the Indianhead Athletic Conference in the primary comparable group, it may be appropriate to consider it as a secondary comparable group if no clear preference for one offer can be found based on an analysis of the primary comparables. The Indianhead Athletic Conference is the most likely choice for a secondary group of comparables because of its proximity, similar economic composition, and somewhat similar size.

The Arbitrator notes in respect to this portion of his Decision that the record supports the Board's position that the Lakeland Athletic Conference should be used as the primary group of comparability. First, there was no arbitral support presented for going outside the Lakeland Athletic Conference in terms of comparability in this district or any other Lakeland Athletic Conference district. Moreover, Northwood is quite comparable to the schools in the Lakeland Athletic Conference when relative comparisons are made along parameters which traditionally establish comparability. For instance, Northwood is very close to the Lakeland Conference schools in terms of teacher staffs and student enrollment. The average student enrollment in the Lakeland Athletic Conference is 536 students in 1981-82 and in Northwood the 1981-82 enrollment was 562 students. The average teaching staff was 36.1 in the Lakeland Athletic Conference compared to 35.74 in Northwood. Similar comparisons can be made in terms of per-pupil cost.

B. Costing

There is some dispute as to the appropriate data to be used for costing and the appropriate costing method. After considering the posture of the data and the arguments of the Parties, it is the conclusion of the Arbitrator that the final offers can be costed as follows:

	<u>Wages Only</u>	<u>Total Package</u>
District	7.37 %	9.27 %
Association	12.23 %	13.74 %

IV. INSURANCE

Arguments By the Association

The Association sees the health insurance issue as really involving two different issues. Issue one is what the Employer's contribution should be and the second issue is what coverage or benefits should be provided. They note that the Employer's offer is silent on the issue of which Company will be retained as the carrier or what benefits will be included in the policy. They also note that the District decided to change the anniversary date of the policy. It is their belief that the Employer's offer allows unilateral changes in coverage at any time. On the other hand, under the Union's offer, it would allow the District to change insurance carriers, but benefits would be at least substantially equal to what was in effect during the 1981-82 school year. The Association believes that their offer of "substantially equal" coverage is supported by comparables. They believe it is common to have contract language which limits the amount of flexibility for changing carriers in respect to naming the carrier, naming the plan, and requiring the present plan stay in effect. It is also not uncommon to have carriers or language which requires benefits to remain equal or substantially equal. They note that 18 of the 24 districts in the Lakeland - Indianhead Athletic Conferences have such restrictions.

In respect to the amount of the Employer contribution, the Association notes that the Employer's offer will pay a full dollar amount of the coverage; the problem however, lies with the Employer changing the anniversary date of the policy to May 1. The previous date was October 1. They also note in this connection that the collective bargaining agreement has a termination date of July 31. The Board's final offer may result in the Employer paying less than the full premium and this could result in a loss of benefits to the teachers. The Association further notes that there was an increase during the 1981-82 premium for the last three months of the year. Moreover, only Turtle Lake and Winter have anniversary dates outside the months of July through October 1.

Arguments By The District

The Board believes that their offer on insurance is most reasonable because they have agreed to pay the current full cost of single and family insurance premiums expressed as a dollar amount. On the other hand, the Association's final offer provides that the District pay 100 percent of the cost of the insurance. The Board contends that the Association's offer would in fact move the issue of health insurance contributions out of the bargaining process. They also note that the Board has voluntarily agreed to increase the Board's contribution to the family plan from \$113.29 a month in 1981-82 to \$153.77 a month in 1982-83. While recognizing that its offer may result in financial hardships for the employees during May, June, and July, 1983, they believe that the Board's offer is clearly preferable to the Association's guarantee of full-coverage proposal.

The Employer believes that their offer is supported by the comparables noting that only three schools in the Lakeland Athletic Conference express the Board's contribution of 100 percent in 1981-82. Moreover, one of those three revised their health insurance contribution from a 100 percent to a dollar amount for the 1982-83 school year.

Discussion

The Association's offer in health insurance demands that the Board pay 100 percent of the cost of insurance premiums and that the coverage in 1982-83 be "substantially equal to or better" than that in effect during the 1981-82 school year. The District, on the other hand, is silent on the coverage in 1981-82 versus 1982-83 and expresses that amount of the premium as a dollar amount which is equivalent to 100 percent, however, only up until May 1, 1983, when the premium is subject to change.

While there are differences in the offers on their face, they are quite similar in several respects. Although the Employer's offer is silent on the nature of the coverage in 1982-83 and while the Association suggests that their language would allow the Employer to unilaterally change the coverage, it is noted that under relevant case law, this is not necessarily true. In Walworth County Handicapped Childrens' Education Board vs. Lakeland Education Association, Case III, No. 23718, DR(M-105) Dec. No. 17433, it was held that while changes in the name of the insurance carrier are permissive subjects, changes in the coverage are mandatory subjects of bargaining. Therefore, it would appear under the Board's offer, bargaining would have to occur if the District intended to change any benefits.

The offers are also similar in respect that the full cost of health insurance will be paid by the Board under either offer; the most glaring difference, however, is that the Board's offer guarantees this full payment only through May 1, 1983.

On the issue of anniversary date in combination of a dollar amount versus the Association's 100 percent premium demand, it is the Arbitrator's opinion that the evidence is reasonably balanced. The comparables certainly support the Employer's offer of a dollar amount; however, only two schools in the Lakeland-Indianhead Conference have an anniversary date outside a July through October period which could result in the Board paying less than the full amount of the premium during the contract year. This certainly offsets any preference for the Employer's offer on premiums as expressed as a dollar amount compared to the Association's offer expressed as 100 percent because after May 1 the dollar amount will not be equivalent to full-insurance premiums. On the other hand, there is little support for the Association's 100 percent premium demand.

As a result of the offers being reasonably equal in preference on health insurance, it is the opinion of the Arbitrator that the issue of health insurance shall not have a determinative affect on this proceeding.

V. SALARY SCHEDULE

There is no material or significant dispute between the Parties that there has been some erosion of the salaries of the teachers in the Northwood District relative to the salaries in other Lakeland Athletic Conference schools. The following table illustrates the erosion and wage differentials from 1979-80 through 1981-82.

Historical Differential Relationship of Northwood to
The Lakeland Athletic Conference Averages

	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
BA Minimum	+ 42.21	- 52.57	-213.86
BA Maximum	+ 35.07	+127.07	-140.57
MA Minimum	-137.86	-156.07	-205.00
MA Maximum	-270.14	-717.43	-675.75
Schedule Max.	-151.50	-662.36	-927.64

The erosion can also be expressed as a matter of rank. The following illustrates the erosion from this perspective.

Historical Rank of Northwood to
The Lakeland Athletic Conference Averages

	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
BA Minimum	7	5	13
BA Maximum	7	7	10
MA Minimum	10	10	10
MA Maximum	9	12	12
Schedule Max.	8	11	13

It is noted that the Board does not dispute that the teachers have a need for catchup. Thus the critical issue is how much catchup is appropriate. The Association argues generally that their salary offer is appropriate in view of the past erosion. On the other hand, the District argues generally that, in light of economic conditions, the Board's offer is more reasonable.

The Parties have presented arguments regarding the salary issue along the following statutory criteria:

- A. Cost of Living
- B. Interest and Welfare of the Public
- C. Comparisons to Other Public Sector Employees
- D. Comparisons to Employees Performing Similar Duties
(i.e. teachers in comparable districts)

The evidence and arguments on each critical factor or subfactor will be analyzed singularly and then the evidence on each factor will be weighed in comparison to other factors and as a whole.

A. Cost of Living

Arguments By The Association

The Association first argues that if CPI data is to be considered, such consideration should not be based on the U. S. city average for all urban wage earners, which was the index employed by the District. As an alternative, the Association suggests that if an index is going to be used, the St. Paul-Minneapolis CPI Index be employed. They believe it logical that this index would more accurately reflect the cost of living situation due to the proximity of Northwood to the St. Paul-Minneapolis area.

The Association suggests that instead of the CPI Index, the cost of living can be best estimated by analyzing the wage settlements in other districts. In this regard they suggest a comparison to all 29 districts which have settled in the northwestern part of Wisconsin. They believe these districts are experiencing increases in the cost of living similar to Northwood.

The Association also questions whether the normal CPI comparisons can be used for Northwood as they are in other districts. They do not feel the CPI comparison is useful in Northwood because they are in a catchup position and such a comparison would result in Northwood's salary raise continuing to fall farther and farther behind if the CPI is compared to total-package increases. They do not believe that one can compare total cost in Northwood in the sense that Northwood is already paying lower salaries and has more teachers not at the maximum salaries due to a high rate of

turnover. They reassert that the best method of comparing cost of living would be to use salary-schedule benchmark comparisons in the comparable districts. They believe this method clearly shows the deterioration of ranking in relationships to mean and median salaries of the comparable districts, especially in the middle and upper ends of the schedule under the Employer's offer.

Arguments By the District

The District asserts that their final offer guarantees that the teachers will receive pay and benefit increases that exceed the increases in the cost of living. They believe that their wage and benefit package exceeds the increases in the Consumer Price Index as well as the Personal Consumption Expenditure Index. They make a graphic comparison of the Parties' offers to the CPI-U for all Urban Consumers, the CPI-W for all Wage Earners and Clerical Workers, and the PCE. They believe that their total package increase of 9.27 percent compares more favorably to the PCE second quarter index of 5.9 percent, the CPI-W September Index of 4.9 percent and the CPI-U September Index of 4.9 percent. They note that the Association's total package offer of 13.74 percent is well over twice the current rate of inflation as measured by any index.

They also note that in recent arbitration awards, Arbitrators in different parts of the state have expressed concern over double-digit wage and benefit demands of Unions as they relate to the current increase in cost of living. They note that according to the Consumer Price Index, the nation has not experienced double-digit inflation since October, 1981. Clearly they believe that the Board's offer more accurately reflects the long-term trend of the inflation rate.

The District also takes the position that there is no merit in the Association's employment of the Minneapolis-St. Paul Consumer Price Index. They believe few similarities exist between the Minneapolis-St. Paul urban area and the Northwood District. In this respect, they direct attention to Arbitrator Petrie's decision in the School District of Maple WERC Decision No. 18305-A.

Discussion

When the offers are compared to any of the various CPI Indices, the Board's offer appears most favorably. The CPI data for the various indices compared to the final offers is as follows:

FINAL OFFERS TOTAL PACK.		CPI-U & W (U.S. City Av.)	PCE	CPI-U (Mpls)
Board	Assoc.			
9.27	13.74	4.9 (Sept. 82)	5.9 (2nd Q-82)	9.5 (Aug.) 5.5 (Oct.)*

* September not available

While the raw data compares most favorably with the Board's offer, the Association argues that more weight should be given to the benchmark analysis of the settlement data.

The Arbitrator agrees with the Association to a certain extent. It is the opinion of the Arbitrator that under the circumstances the cost of living data should be mitigated to some degree. As contemporary settlements in comparable districts become available, the cost of living data becomes less meaningful. This conclusion is based on the Kerkman rationale in Merrill. (MED/ARB-679 Decision No. 17955). Also see this Arbitrator's comments in the Kimberly Area School District, Decision No. 29382 MED/ARB 1731. Moreover, less weight should be given cost of living data than a benchmark analysis in a catchup situation because the most material question is the relationship of the wage rates to the comparable districts, not cost of living.

B. Interest and Welfare of the Public

Arguments By The Association

The Association suggests that usually when employers make argument in regards to the public interest and welfare, they are in essence saying that the public cannot afford to pay the Union's offer. They note that the District put into the record evidence regarding how hard times are for people across the nation. However, they also note that the Employer does not put into the record any facts or figures to indicate that the Employer's offer would produce any hardships whatsoever on the District of Northwood. There is no evidence that the levy rate would be increased or that any borrowing would be needed to pay the Union's offer. There is no evidence that the District would reduce the levy rate if the Employer's offer was accepted. Because of the relatively small amount of total dollar difference between the two offers compared to the total budget, there will be no financial impact on the general public under either offer. At most, the Association suggests that, cuts may be made in other areas of the budget. In respect to their assertion that the Employer has shown no evidence that the Union's offer would have any impact on the taxpaying public, they direct attention to Arbitrator's Grenig's decision in the School District of Kohler, 11/22/82, when he states:

"There is, however, no evidence that the District has had to or will have to reduce or eliminate educational programs, that it will have to engage in long term borrowing, or that it will have to raise taxes significantly. There is nothing to show that the District cannot continue to provide its teachers with a salary schedule and increase competitive with comparable districts."

They also direct attention to Arbitrator Krinsky in Waunakee Community School District and Arbitrator Rice's decision in the Baldwin-Woodville Area School District.

Arguments By the District

The District asserts that their final offer is more reasonable in comparison to the public interest. They note that the nation is in the middle of a prolonged severe recession. They also note that businesses have been sustaining huge losses and that the Midwest has been particularly hard hit by plant closings and layoffs, as well as business failure and record high unemployment. They note that unemployment levels in Washburn and Douglas Counties have also increased dramatically. In the midst of the economic difficulties, the District suggests that the Association's total package final offer of over 13 percent is inconsistent with the interest of the taxpaying public, who, like most Americans, are having to make due with less during these difficult times.

In support of their position that the general state of the economy should be given weight in considering final offers, the District directs attention to a number of arbitration awards including Arbitrator Gunderman in School District of Cudahy, WERC Decision No. 19635-A, Arbitrator Mueller in Madison Area VTAE, WERC Decision No. 19793 and Arbitrator Rothstein in School District of Kewaskum, WERC Decision No. 18991-A. The Board does not believe that economic difficulties faced by the taxpaying public can be ignored. They believe that their wage and benefit offer recognizes in a responsible manner the economic difficulties but still provides reasonable wage and benefit increases to teaching employees.

The District also notes that unlike many private and public sector employers, the District did not ask its teaching employees to sacrifice wage or benefits. In fact, the Board has offered more than an equitable package to the teaching employees, in their opinion. They note that not only does it provide a wage increase equalling 7.37 percent, but it significantly improves the District's

contribution to health insurance premiums for single and family plans. Specifically, the Board voluntarily agreed to increase its contribution for the family health insurance plan from 93 percent to 100 percent. These increased contributions came on top of increased insurance premiums. Thus, the Board's contribution to the family health insurance plan will increase from \$113.29 per month in 1981-82 to \$153.77 per month in 1982-83. In light of the economy and the economic hardships faced by the taxpayers, the Board's offer is generous to their way of thinking.

Discussion

There is little doubt that Arbitrators have been giving substantial weight under this or other criteria to the general economic conditions facing the public. In addition to those cases cited by the District, Arbitrator Yaffee's comments in School District of Mishicot, Decision No. 19849-A, MED/ARB 151 are particularly pertinent:

"The difficulty the undersigned must confront under these circumstances is determining what constitutes a reasonable catchup adjustment when comparable districts have not yet settled their 1982-83 agreements.

Absent such comparability evidence, the undersigned believes it is appropriate to examine and consider other evidence in the record pertaining to the rather severe economic recession in the economy in the Manitowoc area, including extremely high unemployment, and significant increases in delinquent taxes. It is significant also that these economic factors are accompanied by a substantial reduction in the rate of inflation.

The foregoing economic factors, to some extent, have affected current negotiations and med/arb proceedings across the State. Although by far the majority of 1982-83 school district agreements which are currently being negotiated have not been concluded, based upon the first several med/arb awards which have been issued, it would appear, at least preliminarily, that the total value of awarded settlements has seldom exceeded 10%. 2/ The undersigned believes that these settlements reflect a growing consensus among arbitrators that current economic conditions such as those cited above must be given considerable weight in determining what constitutes a reasonable settlement in these times."
(Emphasis added)

Footnote to above:

"2/ Westby Area School District, Med/Arb Dec. No. 19513-A, 11/82 - total package of 8%; Madison Area Vocational Technical and Adult Education District, Med/Arb Dec. No. 19793-A - total package of 8.32%; School District of Cudahy, Med/Arb Dec. No. 19635-A, 10/82 - total package of 8%; School District of South Milwaukee, Med/Arb Dec. No. 19688-A, 12/82 - total package of 9.6%; Waunakee Community School District, Med/Arb Dec. No. 1677, 12/82 - total package of approximately 11%; Cochrane-Fountain City School District, Dec. No. 19771-A, 2/83 - 9.5%; School District of New Glarus, Dec. No. 19778-A, 2/83 - 7.3%; DePere School District, Dec. No. 19728-A, 12/82 - 8.2%; Rhinelander School District, Dec. No. 19838-A, 1/83 - 8%."

This Arbitrator has also given substantial weight to the general economic consideration in cases where there have been no settlements in comparable school district groups. However, as recently noted by this Arbitrator in Kimberly Area School District, supra, as settlement data becomes available, the weight to be given this factor is diminished unless there is special proof that one district is affected to a greater degree than others by the economy. Other settlements in comparable districts can be thought to be a reasonable barometer of the appropriate influence to be given to the general economy. This Arbitrator has also discounted slightly the weight

to be given to this factor unless the relevant jurisdiction can give specific details on how the economy has affected the interest of the public in that community.

In this case, there are two settlements and two districts where final offers have been certified in the athletic conference. Helpful inferences may be drawn from these final offers. It is apparent that this settlement data does not represent all or a majority of the comparable group. Thus the economic data cannot be completely discounted and must be given some weight. However, it must be considered in combination with the settlement data.

In assessing the question of whether the evidence on this factor favors one offer or the other, it is the conclusion of the Arbitrator that it favors the Board. This is a matter of judgment and it is the Arbitrator's opinion that in light of the economic difficulties a 9.2 percent increase is more reasonable than a 13.74 percent increase even when realizing there is a need for catchup.

C. Comparisons to Other Public Sector Employees

Arguments By the Association

The Association suggests that the comparisons made by the District are misleading or invalid for a variety of reasons. First, they point out the other public sector employees are not doing similar work. In this respect, they cite Arbitrator Grenig in the School District of Kohler, supra, wherein he stated:

"While comparisons of private industry settlement patterns may be of some help, comparison with salaries of selected state employees and persons in private employment are not as helpful as comparisons with comparable school districts. The conditions of employment are simply too dissimilar to make meaningful comparisons possible."

They also direct attention to Arbitrator Rice in Baldwin-Woodville, supra.

The Association also believes that such comparisons are invalid because the Employer is comparing wage rate increases for other employees to wage data for teachers which includes increment payments. Moreover, none of the other employees of the District are working under collective bargaining agreements and thus, their settlements should not be used as comparables.

In respect to the municipal employees of Washburn and Douglas Counties, the Union points out that only certain settlements were used in these counties. They believe that an accurate representation of the facts cannot be made using such a select sampling. They also point out that the Employer has not presented any evidence of history regarding these wage settlements. It cannot be known whether their actual wages are average, above average, or below the average for comparable employees. The Union's data shows that the Northwood teachers have had a history of falling behind and that because they need catchup, they cannot be held to the same percentage increase as other public sector employees where catchup is not needed.

Arguments By The District

The District asserts that their final offer is more reasonable when compared to both increases received by other employees in the Northwood School District and other public sector employees in Washburn and Douglas Counties. In terms of 1982-83 settlements received by Northwood School District employees, the District presents the following summary:

<u>Employee Group</u>	<u>1982-83 Wage Increase</u>
Administrators	5.0%
Custodians	8.0%
Secretaries	8.0%
Cooks	8.0%
Teacher Aides	8.0%

The District asserts that this clearly demonstrates that their offer is far more in line with the settlement pattern established internally. In respect to the weight to be given to internal settlement patterns, the District cites Arbitrator Rauch, City of Kenosha, WERC Decision No. 12500-A and Arbitrator Stern's decision of Manitowac, WERC Decision No. 7643-A. The District points out in this vein that to award the Association's offer in view of these other settlements would cause internal inconsistencies and would be undesirable.

In respect to other public settlements in Douglas County, the District points out that the majority of the employees received a 7 percent wage increase in 1982 and in Washburn County, the employees received 1982 wage increases in the 7 to 9 percent range.

Discussion

It is the conclusion of the Arbitrator that little weight, under the facts and circumstances of this case, can be given to other public sector settlements. Sometimes comparisons of wage-level changes as opposed to comparisons of base-wage levels, in even dissimilar public sector groups, can be helpful in judging the appropriate wage-level changes in teacher bargaining units. However, in this case the validity of the comparison is diminished. The Association makes a valid point when it suggests that because the teachers are in a catchup position, they cannot be held to the same percentage increases of other employees. This combined with problems with comparability is enough to diminish greatly the weight to be attached to this factor.

D. Comparisons to Employees Performing Similar Duties

Arguments By The Association

The Union first notes that based on size, property wealth, school cost, and levy rates, one would expect Northwood to rank rather high in the Association's primary comparable group (the combination of Indianhead-Lakeland Athletic Schools). They note that Northwood is the eighth largest school in the Lakeland Conference and if it were in the Indianhead Conference, it would be the second largest school; in terms of property value, it ranks second within the Lakeland Conference and would rank third in the Indianhead Conference; in the Lakeland Conference, ten other schools have higher costs and within the Indianhead Conference nine of ten schools would have a higher cost. They note that in the combined conferences, 19 of the 24 districts have higher levy rates.

The Association also asserts that their offer is more consistent with the pattern established for 1982-83 within the Lakeland-Indianhead Conferences. They believe that their offer is closer to the average settlement at all the benchmarks. Schools to which they compared the offers to in both conferences are Drummond, Port Wing, Winter, Bruce, Glidden, Solon Springs, and Clayton. To illustrate their assertion they submitted data which depicted the average increase expressed in terms of dollar and percent in each of these districts. The following represents this data:

INCREASES IN DOLLARS

<u>Increase from:</u>	BA Min.	BA Max.	MA Min.	MA Max.	Schedule Max.
1981-82 Schedule	\$ 92				
Average	\$ 927	\$1,333	\$ 997	\$1,486	\$1,605
Union's	1,141	1,673	1,234	1,808	1,831
Employer's	585	858	633	927	939

* * *

INCREASES IN PERCENT

<u>Increase from:</u>	BA Min.	BA Max.	MA Min.	MA Max.	Schedule Max.
1981-82 Schedule					
Average	7.92%	7.79%	7.88%	7.82%	8.16%
Union's	9.75	9.75	9.75	9.75	9.75
Employer's	5.00	5.00	5.00	5.00	5.00

Thus they note, based on this data, that on a percentage basis and a dollar basis that the Union's offer is closer to the settlement pattern than is the Employer's. Even with the districts' impressive property wealth, low cost per pupil, and low levy rates, the teachers would slip further behind under the Employer's offer.

The Association also argues that their offer is most consistent with the established pattern of settlements for all settled districts within the northwestern corner of the State. In this respect, they direct attention to 29 districts which have settled their contracts for 1982-83 within the northwestern corner of the state; 23 of these 29 districts have settled since March of 1982. They note that 28 of the 29 districts have voluntarily settled at a higher increase than the Employer's offer. They believe the Association's offer is very near the median and average increase at all five benchmarks in these 29 districts.

The Association also demonstrates their need for "catchup" by presenting data showing the dollar differences above or below the Lakeland Athletic Conference at the benchmarks. The Mediator/ Arbitrator noted this data on page 5 of this Award. They also present a table showing the historical dollar differential above or below the Indianhead Athletic Conference schools when compared to Northwood.

The Association also notes that the differential data does not show the complete picture. They note that the Northwood salary schedule has more vertical increments than any other Lakeland-Indianhead District. With the maximum salary in each lane being

higher salaries in all the other Lakland Athletic Conference schools except one. In terms of the Indianhead Conference schools, almost 95 percent of the Northwood teachers ranked 9 or 10 in the ten-district conference. The Association believes that these facts clearly warrant "catchup" for Northwood.

In addition to a catchup argument, the Association makes the argument that Northwood teachers are expected to teach more students than other schools, thus they should receive more pay. They note that Northwood teachers have more students than all other districts in the Lakeland Conference except Cameron. Since the average teacher in Northwood has 60 percent more students than the average teacher in Birchwood, for example, the Union suggests it is reasonable that the salaries in Northwood should be 60 percent greater than Birchwood's.

Arguments By the District

In the Board's mind the critical question in terms of wage comparisons is whether a 9.27 percent increase or a 13.74 percent increase is more reasonable total compensation in today's depressed economy. They note that under the Board's offer the vast majority of employees in the bargaining unit will receive wage and insurance increases in excess of 10 percent whereas, on the other hand, the Association's final offer generates 1982-83 wage and insurance increases in excess of 14 percent for the majority of the bargaining unit.

The Board admits to being in a catchup position within the Lakeland Athletic Conference; however, they believe that the Association's final offer which demands 9.75 percent on each cell plus increment plus insurance and extra-curricular increases is simply asking for too much. A 13.74 percent final offer in today's economic climate is not justified, in the Board's opinion, regardless of the comparable rankings. However, the Board does believe that their 7.3 percent wage offer is more reasonable than the Association's 12.23 percent when compared to the two 1982-83 settlements in the Lakeland Athletic Conference. They believe that a comparison of the final offers to the average settlements in Bruce and Clayton shows that the Board's final offer is more reasonable. To this end they submitted the following data:

BA Minimum					
	<u>1981-82</u>		<u>1982-83</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Average	\$11,813.50		\$12,585.50	\$ 772	6.5%
Northwood	11,700.00	Bd.	12,285.00	585	5.0%
		U.	12,841.00	1,141	9.8%

BA Maximum (0 Credits)					
	<u>1981-82</u>		<u>1982-83</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Average	\$16,996.50		\$17,969.50	\$ 973	5.7%
Northwood	17,160.00	Bd.	18,018.00	858	5.0%
		U.	18,833.00	1,673	9.7%

MA Minimum

	<u>1981-82</u>		<u>1982-83</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Average	\$12,685.50		\$13,491.00	\$ 805.50	6.3%
Northwood	12,660.00	Bd.	13,293.00	633.00	5.0%
		U.	13,984.00	1,234.00	9.7%

MA Maximum (0 Credits)

	<u>1981-82</u>		<u>1982-83</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Average	\$18,589.50		\$19,676.50	\$1,087	5.8%
Northwood	18,540.00	Bd.	19,467.00	927	5.0%
		U.	20,348.00	1,808	9.8%

Schedule Maximum

	<u>1981-82</u>		<u>1982-83</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Average	\$18,879.50		\$19,966.50	\$1,087	5.8%
Northwood	18,780.00	Bd.	19,719.00	939	5.0%
		U.	20,611.00	1,831	9.7%

Based on this data, the Board concludes that their offer is closer to the average dollar and percentage increases in Bruce and Clayton. They also note a similar benchmark analysis is possible with Clear Lake and Weyerhauser. However, they note that while the Clear Lake's final offer provides a 6.25 percent per cell, it freezes the increment.

Discussion

Chart I, page 5, indicated how the salaries in Northwood had been slipping behind the average salary in the Lakeland Athletic Conference since 1979-80. The Association also attempts to show the need for catchup based on historical analysis of Northwood salary differences compared to the Indianhead Conference average.

benchmarks, there was improvement in the negative differentials at other benchmarks. Moreover, where there was erosion it was not as dramatic as it was relative to the Lakeland Athletic Conference data. Thus this reinforces the Arbitrator's decision to base his primary analysis on the Lakeland Athletic Conference.

There are several perspectives in which the offers can be viewed as potentially reasonable remedies to this erosion. The following differentials would occur under each offer assuming that the average of the Bruce and Clayton settlements is or will be indicative of the average 1982-83 settlements in the Lakeland Athletic Conference.

Table 2

Benchmark	Average*	Board Offer/Diff.	Assoc. Offer/Diff.
BA Min.	\$12,585	\$12,285 (-300)	\$12,841 (+256)
BA Max.	17,969	18,018 (+49)	18,833 (+864)
MA Min.	13,491	13,293 (-198)	13,894 (+403)
MA Max.	19,676	19,467 (-209)	20,348 (+672)
Schedule Max.	19,966	19,719 (-247)	20,611 (+645)

* Of Bruce and Clayton

Based on this analytical perspective, it is observed that under the Board's offer the negative differential at the BA Maximum over the 1981-82 differential would increase approximately \$87; the BA Max. would go from the 1981-82 negative differential of \$140 to a positive differential of \$49; the negative differential at the MA Base would stay approximately the same (-\$205 in 1981-82 and -\$198 in 1982-83). At the MA Maximum the Board's offer would reduce the negative differential from \$675 to \$209 and at the Schedule Maximum from a -\$927 to -\$247. Under the Association's offer when compared to the average of the Clayton/Bruce, the 1981-82 negative differential at the BA Base would be not only eliminated but the resultant salary would exceed the average of the Bruce and Clayton settlement (\$256). A similar result is found at the other benchmarks. The Association's offer exceeds the average of the Bruce/Clayton 1982-83 settlements at the BA Max by +\$864, by +\$403 at the MA Base, by +\$672 at the MA Max and +\$645 at the Schedule Maximum.

Certainly a better perspective can be gained by looking at more than only two settlements in the athletic conference. Therefore, the Arbitrator has compared the offers not only to Clayton and Bruce settlements, but to the final offers in Weyerhaeuser and Clear Lake.

Table 3

Benchmark	Average*	Board Offer/Diff.	Assoc. Offer/Diff.
BA Min.	\$12,467	\$12,285 (-182)	\$12,841 (+374)
BA Max.	17,616	18,018 (+402)	18,833 (+1217)
MA Min.	13,317	13,293 (-24)	13,894 (+577)
MA Max.	19,473	19,467 (-6)	20,347 (+874)
Schedule Max.	19,784	19,719 (-65)	20,611 (+827)

* Average of Bruce and Clayton and Board offers in Clear Lake and Weyerhauser.

When the offers are analyzed from the data in Table 3 against the historical differentials between Northwood and the athletic conference, it is observed that if the Boards' offers were picked in Clear Lake and Weyerhauser, the Board's offer in Northwood would substantially reduce the negative differential at the BA Minimum, create a positive differential of \$402 at the BA Maximum, and would be very close to the average at the other benchmarks. This catchup affect would occur if the Boards' offers in Clear Lake and Weyerhauser were picked because the Northwood Board's offer on salary and a total package basis exceeds those in Clear Lake, Weyerhauser, and Clayton. The following chart illustrates this:

Table 4

Total Package Analysis

	Wages	Total Package
Clayton	5.42%	8.07%
Bruce	N/A	11.59%
Clear Lake - Bd.	6.25%	7.88%
Assoc.	10.67%	11.96%
Weyerhauser - Bd.	N/A	7.9%
Assoc.	N/A	11.5%
Northwood - Bd.	7.37%	8.2%

Table 5

Benchmark	Average*	Board Offer/Diff.	Assoc. Offer/Diff.
BA Min.	\$12,548	\$12,285 (-263)	\$12,841 (+293)
BA Max.	18,043	18,018 (-25)	18,833 (+790)
MA Min.	13,478	13,293 (-185)	13,894 (+416)
MA Max.	19,993	19,467 (-526)	20,347 (+354)
Schedule Max.	20,307	19,719 (-588)	20,611 (+304)

* Average of Bruce and Clayton settlements and Association offers in Clear Lake and Weyerhauser.

When the offers are analyzed against Clayton and Bruce and assuming the Associations' offers in Clear Lake and Weyerhauser are awarded in arbitration, it is observed that the Board's offer, generally speaking, would either somewhat maintain the past negative differentials or reduce some of them slightly, but the negative differentials as a whole would not significantly be eradicated. At the BA Minimum, the Board's offer would slightly increase the negative differential that existed in 1981-82 (by -\$50); the 1981-82 differential at the BA Max. would be reduced from -\$140 to -\$25. It would be slightly reduced at the MA Minimum (-\$205 for 1981-82 compared to -\$185 for 1982-83). The negative differential would be reduced by approximately \$150 at the MA Max. (from -\$675 for 1981-82 to -\$526 for 1982-83). At the Schedule Max. the differential would be reduced from a -\$927 for 1981-82 to -\$588 for 1982-83 under the Board's offer. In respect to Table 5, under the Association's offer, it is noted that all the 1981-82 negative differentials would be eradicated in favor of a significant positive differential for 1981-83. At the BA Base if the Association's offer was adopted, it would exceed the Lakeland Athletic Conference averages represented by Bruce, Clayton, the Weyerhauser, and Clear Lake Associations' offers by \$293. At the BA Maximum they would exceed the averages by \$790, at the MA Minimum by \$416, at the MA Maximum by \$354, and at the Schedule Maximum by \$304.

The Arbitrator developed the tables above in an attempt to determine which offer most reasonably addresses the catchup position in which the Northwood teachers find themselves in, in respect to the Lakeland Athletic Conference Schools. The Union's offer, even putting it in its best light by assuming that the Associations' offers in Weyerhauser and Clear Lake will be adopted, is excessive. It not only catches up but exceeds catchup by a significant degree. On the other hand, the Board's offer doesn't, when viewed in the same light, catch up to the average and is inadequate. Thus, neither offer is completely reasonable and the question becomes which offer is relatively more reasonable or, expressed in another way, which offer is less unreasonable.

It is the conclusion of the Arbitrator that based on analysis of the primary comparables as found in Table 5, that, although the Board's offer is less than adequate for full catchup, it is marginally more reasonable than is the Association's offer. There is no apparent justification for an award from any perspective which would exceed to a great degree what would appear to be a reasonable prediction as to the average settlement in the Athletic Conference. It is noted in this respect that the top-ranked school at the BA Minimum in the Lakeland Athletic Conference only exceeded the average by +\$326 in 1981-82, at the BA Max. the second-ranked school exceeded the average by +\$756 in 1981-82, and at the MA

Base the second-ranked school exceeded the average in 1981-82 by +\$479. Thus the Association's offer, in most probability, would put them at or near the top at these benchmarks in 1982-83 based on the differential analysis in Table 5. This kind of catchup is simply asking too much in one year when weighed against the Board's offer. The Board's offer, while it doesn't catch up, does not result in any further significant erosion. There is a very slight continued erosion at the BA Base, but it is not substantial, and at the BA Minimum, there is in fact some meaningful catchup from the -\$140 negative differential to a salary figure very close to the average. There is a small amount of catchup at the MA Minimum, MA Maximum, and Schedule Maximum. On the balance the Employer's offer might be described as slight "catchup" relative to past differentials. This must be preferred to the Association's offer which attempts to gain much more than catchup.

The Association produced a great deal of data from the Indian-head Athletic Conference and a group of 29 schools settled for 1982-83 in the northwestern corner of Wisconsin. It is the Arbitrator's opinion that it is unnecessary and inappropriate to consider this data in judging what the appropriate amount of catchup should be. First, it is inappropriate to consider schools outside the primary comparable group (in this case the athletic conference) in judging the amount of catchup, when the need for catchup was established on an analysis of the historical wage differentials within the primary comparable group. As previously noted, the need for catchup is most dramatically established in respect to the Lakeland Athletic Conference schools; therefore, the remedy to this past erosion should be based and aimed at eradicating those differentials and not the differentials that may have existed relative to other comparable groups. In this case, based on an analysis of the settlements and final offers within the athletic conference, a clear conclusion results showing that the Board's offer is favored over the Association's. In this respect, secondly, it is unnecessary to go outside the athletic conference in judging the appropriate amount of catchup.

This award certainly should not be read as saying that catchup is inappropriate in these economic times or offers which exceed catchup to the average are per se inappropriate. It is simply holding, based on the individual facts and circumstances of this case, that an offer which maintains the status quo or an offer which provides a slight narrowing of past differentials is preferred over one which exceeds catchup by such a large degree. The Association's offer, even having exceeded catchup relative to the primary comparable group, may have been deemed appropriate if the further erosion under the Board's offer was greater than the excessive catchup. However, in this case, the Arbitrator must agree with the Board that the Association is simply asking too much. The Board's offer provides slight catchup at some benchmarks while maintaining the status quo in others, while the Board's offer is only slight catchup, it is noted that the Union certainly has opportunities to address the problem in future negotiations.

The Association also argued that they needed more money because the teachers in Northwood had to progress through more steps to get to the maximums on the salary schedule. However, it is noted that there was no attempt in the final offers to change the schedule structure and if that schedule is completely onerous, one might expect to see bargaining proposal to correct that situation. Inasmuch as there was not, the Arbitrator must base his analysis on a traditional benchmark analysis.

D. Evaluation of the Offers on the Salary Issue as a Whole

The Arbitrator believes that in a pure catchup situation, comparable factors deserve the most weight. In this respect, it has been determined that the Board's offer is favored on the basis of comparables. While the other factors deserve less weight than comparables, they have influenced the Mediator/Arbitrator in an additive sense. Overall it is the conclusion of the Arbitrator that the Board's offer is more reasonable in light of the other criteria. For instance, in terms of the public welfare and interest and cost of living, the economic data reinforces the conclusion that the Association's position is excessive. Catchup in these economic times should be more modest than that requested by the Association.

AWARD: The 1982-83 agreement between the Northwood School District and the Northwood Education Association shall include the final offer of the School District and the stipulations of agreement between the parties as submitted to the Wisconsin Employment Relations Commission.

Dated this 07th day of May, 1983, at Eau Claire, Wisconsin.



Gil Vernon, Mediator/Arbitrator