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IN THE MATTER OF MEDIATION-ARBITRATION

between

School District of Butternut

-and-

Butternut Federation of Teachers,
Local No. 3371, WFT, AFT, AFL-CIO

INTEREST ARBITRATION
WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

Case XII No. 33600
MED/ARB - 2862
Decision No. 21996-A

December 26, 1984

APPEARANCES

For School District of Butternut
Dean Schnakenberg, District Administrator

For Butternut Federation of Teachers, Local No. 3371
William Kalin, Staff Representative, Wisconsin
Federation of Teachers

JURISDICTION OF MEDIATOR-ARBITRATOR

On January 25, 1984, the Parties, School District of Butternut (hereinafter "School District") and Butternut Federation of Teachers, Local No. 3371 (hereinafter "Federation") exchanged initial proposals on matters to be included in a new collective bargaining agreement to succeed the agreement which expired on June 30, 1984; that thereafter the Parties met on two occasions in efforts to reach an accord on a new collective bargaining agreement, including a mediation on July 16, 1984, with a staff mediator of the Commission; that on July 19, 1984, the Federation filed an instant petition requesting that the Commission initiate Mediation-Arbitration pursuant to Sec. 111.70(cm)6 of the Municipal Employment Act; that on September 11, 1984, Robert M. McCormick, a member of the Commission's staff, conducted an investigation which reflected that the Parties were deadlocked in their negotiations, and, by September 11, 1984, the Parties submitted to said Investigator their final offers, as well as a stipulation on matters agreed upon, and thereupon the Investigator notified the Parties that the investigation was closed; and that said Investigator has advised the Commission that the Parties remain at impasse.

The Commission having, on September 25, 1984, issued an Order requiring that mediation-arbitration be initiated for the purpose of resolving the impasse arising in collective bargaining between the Parties on matters affecting wages, hours and conditions of employment of all teaching personnel teaching 50 percent or more, excluding administrators, supervisors and all other employees of the School District; and on the same date the Commission having furnished the Parties a panel of mediator-arbitrators for the purpose of selecting a single mediator-arbitrator to resolve said impasse; and the Commission having, on October 4, 1984, been advised that the Parties had selected Richard John Miller, New Hope, Minnesota as the mediator-arbitrator.

A public hearing was held on Thursday, November 29, 1984, at 7:00 p.m. in the Butternut High School Band Room. A mediation session was held at approximately 7:30 p.m. It proved to be unsuccessful. The arbitration proceedings convened at approximately 8:45 p.m. and ended at 9:30 p.m. Following receipt of positions, contentions and evidence, the Parties filed post hearing briefs which were received on December 17, 1984, after which the hearing was considered closed.

POSITIONS OF THE PARTIES

The School District's final offer was submitted on September 11, 1984, at 9:00 p.m. by Mr. D. Dean Schnakenberg, District Administrator, and it states the following:

Increase each cell of the 1983-84 salary schedule by 5.25%.

The Federation's final offer was submitted on September 11, 1984, at 8:50 p.m. by Mr. William Kalin, Staff Representative, Wisconsin Federation of Teachers, and it states the following:

Increase each cell of the 1983-84 salary schedule by 6.25%.

ANALYSIS OF THE EVIDENCE

The mediator-arbitrator evaluated the final offers of the Parties in light of the criteria set forth in Wis. Stats. 111.70(4)(cm)7, which includes:

- A. The lawful authority of the municipal employer.
- B. Stipulations of the parties.
- C. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same community and in comparable communities and in the 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 factor is not an issue in the instant proceedings. The lawful authority of the School District permits the retention of rights and responsibilities to operate the school system so as to carry out the statutory mandate and goals assigned to it consistent with the provisions of the collective bargaining agreement.

B. Stipulations of the parties.

Except for the salary issue, the Parties have agreed to all other contract items for the 1984-85 academic year.

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.

The total package cost for the School District's final offer is \$588,231 compared to the Federation's final offer of \$593,321. The difference is \$5,090. The School District's final offer represents a total package percentage increase of 6.21 while the Federation's final offer yields a total package increase of 7.12%. (Joint Exhibits #2 and #3)

It is the position of the School District that the overriding statutory factor in this arbitration must be the sudden and drastic impact of the closing of the Ashland Timber Company, Butternut's largest employer, on the local economy and on the financial ability of the School District's taxpayer to provide the additional sum of \$5,090 to fund the Federation's final salary offer of 6.25%. In this case, the School District asserts that the most equitable settlement is represented by its final offer.

The Ashland Timber Company closed on October 19, 1984. Over 85% of the workers (51) live in the Butternut School District and shared in the \$1,500,000 yearly payroll. In addition to these workers, several School District loggers must now transport their logs to neighboring communities at a greater cost to them. As a result, the possibility exists for reduced state aid in that 15 students presently enrolled in the School District could be moving outside the School District.

There is no doubt that the closing of the Ashland Timber Company could have serious economic ramifications on the School District if 15 students move elsewhere. However, to base this award on speculation of what may occur in future school years in regards to potential reduction in state aid support does not adequately address the economic condition of the School District to fund the Federation's final offer. The closing of Ashland Timber Company would not have a financial impact on this year's School District budget. At most, it may have impact on next year's School District budget. In that this year's School District budget can adequately fund the additional cost of the Federation's proposal, the mediator-arbitrator cannot find that the School District is unable to pay for that final offer.

The School District further argues that the detrimental effect of the loss of Butternut's largest employer has been compounded by the minimal increase in the School District's tax base.

The decrease of 1/2% in equalized evaluation between 1982-83, 1983-84 and subsequent increase of 1.5% from 1983-84 to 1984-85 falls well below the state average. (School District Exhibit #1) It should be noted, however, that the School District receives 64% state aid and that the equalized evaluation increase of 1.5% from 1983-84 to 1984-85 represents a substantial increase from the preceding year. If anything, this evidence shows that the School District has the financial ability to fund the Federation's position due to the increase in the equalized evaluation from 1983-84 to 1984-85.

The School District's final salary offer of 5.25% produces an average salary of \$20,787 for the 21 staff members. Eighteen of the 21 staff members earn over \$20,000 (86%). In the community according to the 1980 census only 30% of families make this amount. The median income is listed at \$15,469. Two-thirds or 67% of teachers live in the School District. Income below poverty level was 11%. (School District Exhibit #1)

The 1980 census reports the median income at \$15,469 for the community. The School District attempts to compare this figure in its exhibit with what the School District's final offer of 5.25% would produce as an average teacher salary in the Butternut School District. The comparison to be at all accurate, should compare the 1980 median income of \$15,469 in the community with the median income of the Butternut teachers in 1980. The 1979-80 collective bargaining agreement (Joint Exhibit #4) clearly shows that even assuming all teachers were at the top of the M.A. salary schedule (which is not the case here), the median salary would only be \$15,360, which is less than the median income of the community.

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 the private employment in the same community and in comparable communities.

The School District contends that the Federation has presented no evidence that the School District's teaching salaries have not kept pace up to and through the 1983-84 school year and, therefore, there is no need to play "catch-up" during the current school year. According to the School District, the Federation's final salary offer must be rejected because it would accelerate its standing among its comparables.

Federation Exhibits #1, #2 and #3 show that the Federation's final offer of 6.25% would exceed the percentage increase of four out of seven Indianhead Athletic Conference schools which have reached voluntary settlements for the 1984-85 school year. The range of percentage increases is from a low of 6% to a high of 6.5%. None of the athletic conference schools settled for less than 6% and certainly, none were as low as the School District's final offer of 5.25%.

The Federation exhibits also show that if the School District's final offer of 5.25% is chosen by the mediator-arbitrator, the Butternut teacher's salary schedule will drop in relative rank within the athletic conference in all categories except at the M.A. minimum where both proposals place Butternut 8th out of 8 schools.

Contrary to the School District's contentions, the Federation's final salary offer will retain relative rank within the athletic conference schools. The Federation's proposal will not accelerate its standing in the athletic conference nor will it represent a "catch up" during the current school year.

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

The Parties were aware of the "prevailing economic

conditions" when they constructed their final offers on salary, as were the seven athletic conference districts which voluntarily settled for the 1984-85 school year. As such, this factor has little bearing on the outcome of this case.

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.

All Indianhead Athletic Conference schools offer similar fringe benefits, vacation, holidays and excused time as evinced from Federation Exhibit #1.

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

The most recent salary and total package settlements to date, have been reported and incorporated into the decision of the mediator-arbitrator.

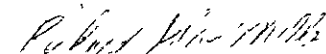
H. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

This factor was not given great weight because such other factors normally or traditionally taken into consideration in the determination of salary were already considered in the previous statutory factors.

In conclusion, the School District did not prove that it had the inability to fund the Federation's final salary offer of 6.25%. In light of this conclusion and the fact that the relative ranking of the Butternut teachers would be reduced within the athletic conference if the School District's final salary offer is accepted while maintaining relative rank if the Federation's proposal is accepted, the Federation's final salary offer of 6.25% is more reasonable and should be incorporated into the collective bargaining agreement.

AWARD

Based on the above evidence and the entire record, the Federation's final salary offer of 6.25% best satisfies the factors required to be considered by the mediator-arbitrator under such law. Therefore, any and all stipulations entered into by the Parties and the Federation's final salary offer of 6.25% shall be incorporated into the July 1, 1984 through June 30, 1985 collective bargaining agreement.


Richard John Miller
Mediator-Arbitrator

Dated this 26th day of December 1984
New Hope, Minnesota