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WISCONSIN EMPLOYMENT RELATIONS COMMISSION
BEFORE THE MEDIATOR-ARBITRATOR

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of the Arbitration Between
SOUTHERN DOOR COUNTY SCHOOL DISTRICT
and
SOUTHERN DOOR EDUCATION ASSOCIATION

Case XIV
No. 33743
MED/ARB-2915
Decision No. 22136-A
OPINION AND AWARD

Appearances:

For the Employer: William G. Bracken, Wisconsin Association
of School Boards, Winneconne.

For the Association: Dennis W. Muehl, Director, Bayland Teachers
United, Green Bay.

BACKGROUND

On August 23, 1984, the Southern Door County School District (referred to as the Employer or School District) filed a petition with the Wisconsin Employment Relations Commission (WERC) requesting that the Commission initiate mediation-arbitration pursuant to Section 111.70(4)(cm)(6) of the Municipal Employment Relations Act (MERA) to resolve a collective bargaining impasse between the Employer and the Southern Door Education Association (referred to as the Association) concerning a successor to the parties' collective bargaining agreement which expired on June 30, 1984.

On November 26, 1984, the WERC found that an impasse existed within the meaning of Section 111.70(4)(cm). On December 4, 1984, after the parties notified the WERC that they had selected the undersigned, the WERC appointed her to serve as mediator-arbitrator to resolve the impasse pursuant to Section 111.70(4)(cm)(6)(b-g).

A citizens' petition pursuant to Section 111.70(4)(cm)(6)(b) was filed with the WERC. On January 31, 1985, the mediator-arbitrator held a public hearing in Brussels, Wisconsin, at which time the parties explained their final offer positions and members of the public had a full opportunity to offer comments and suggestions. Following the close of the public hearing, the mediator-arbitrator met with the parties to mediate the impasse dispute. When the impasse remained unresolved, the mediator-arbitrator indicated her intent to resolve the impasse through arbitration. On March 13, 1985, an arbitration hearing was held in Brussels, Wisconsin. The hearing was open to the public and a number of citizens attended. At the arbitration hearing, the parties were given a full opportunity to present evidence and oral arguments. Briefs were subsequently filed and exchanged through the arbitrator.

ISSUE IN DISPUTE

For their 1984-85 agreement, the parties were able to resolve all issues except for the 1984-85 Salary Schedule. The Employer's final offer is annexed hereto as Annex "A". The Association's final offer is annexed hereto as Annex "B".

STATUTORY CRITERIA

Under Section 111.70(4)(cm)(7), the mediator-arbitrator is required to give weight to the following factors:

- A. The lawful authority of the municipal employer.
- B. Stipulations of the parties.

- C. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceeding 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 received.
- G. Changes in any of the foregoing circumstances during the pendency of the arbitration proceeding.
- 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.

POSITIONS OF THE PARTIES

The Employer

To support its wage offer in this proceeding, the Employer makes a number of arguments based upon the statutory criteria. It first argues that in determining appropriate comparability, comparisons should be made with the school districts which constitute the Packerland Athletic Conference, including Oconto and Oconto Falls which have been newly added to the Conference. Since these two school districts also share many factors traditionally used by arbitrators to determine comparability, the Employer believes that there are clear reasons to include these two school districts along with the other school districts which historically have constituted the Conference on the list of primary comparables.

Next, the Employer notes that the School District's final offer while slightly below the settlement pattern among the comparable districts for 1984-85 is nevertheless more reasonable since the School District's salaries are generally superior to those found in comparable school districts at most of the salary schedule benchmarks. The School District emphasizes that over the past few years, particularly since 1981-82 increases granted by the Employer, both dollar and percent increases, dramatize the tremendous strides made in improving teachers' salaries in the School District. Accordingly, this historical view of salaries granted among the comparables makes the Employer's final salary offer superior to that of the Association's when comparability is considered. For the Employer, the appropriate comparisons are based upon total packages. It calculates its total package at 7.7% and the Union's total package at 9.3%. and claims that the latter represents the largest total package increase among comparable school districts.

The School District also argues that its final offer greatly exceeds the increase in the cost of living (by about three times), thus protecting bargaining unit employees more than adequately as to as their real income is considered.

While the Employer believes that the factors of comparability and cost of living favor its final offer, it heavily relies upon

general and specific economic factors to solidify its position during this impasse. Looking at general economic conditions pertinent to taxpayers within the School District, the Employer notes the predominantly rural character of the School District (approximately 70-80% rural versus 20-30% city) with a very small amount of manufacturing or mercantile operations and little tourism. The recent major problems adversely affecting the farm economy have been particularly felt by farmers in this geographical area. This economic distress has been compounded by a recent 30% increase in property taxes for District taxpayers resulting from prior budget deficiencies and short term borrowing for the years 1981-82, 1982-83, and 1983-84 when taxes were not raised to meet increased budgets.

Not only have many Southern Door County farmers been adversely affected by these economic events, other residents also have been subject to special economic pressures which, the Employer argues, must be taken into account in this proceeding. These include layoffs and wage freezes experienced by taxpayers employed by nearby shipbuilding businesses, a high county unemployment rate, and the adverse impact of recent school tax increases upon taxpayers with below average income, a near universal problem in the School District. The School District thus concludes that this is a time for moderation in wage and fringe benefit increases given this economic background.

For all the above reasons, the Employer concludes that its final offer is more equitable and reasonable when measured against the statutory criteria.

The Association

The Association supports its final offer by noting that the Employer has not raised an ability or inability to pay argument in this proceeding. The Association believes that this is hardly surprising since only \$39, 554 separate the parties' positions and, when state aid is taken into consideration, this amount decreases to approximately \$24,000 for local taxpayers which results in an insignificant increase in the local levy rate. Thus there is nothing about the Association's final offer which would adversely affect the budget or spending processes of the School District.

The Association then turns to the factor of comparability. It objects to the Employer's inclusion of Oconto and Oconto Falls because they represent a change in the districts which the parties have historically used or which have been determined to be comparable in a prior proceeding. It also objects to the inclusion of these two school districts because they are geographically remote and not part of the grouping of school districts uniquely situated in Wisconsin's eastern peninsula.

The Association further advocates the use of a benchmark analysis in determining appropriate comparability, noting its simplicity and objectivity. Using that analysis, the Association concludes that its offer with few exceptions maintains the School District's relative position among peninsula school districts from 1982-3 while the School District's final offer drops the School District's ranking in all but one benchmark. This conclusion favoring the Association's final offer is further supported, in the Association's view, by an analysis of 1984-85 voluntary settlements which discloses that the Employer's final offer significantly provides a smaller percentage increase at benchmark positions than does the comparable schools' average. The Association concludes that dollar as well as percentage increases at benchmark positions support the Association's final offer in this proceeding.

While the Association's arguments support a benchmark analysis, the Association also uses a total package comparison approach and concludes that when 1984-85 total package settlements are averaged, the 8.7% figure is closer to the Association's total package offer of 9.3% than the Board's 7.7%. While noting this favorable conclusion, however, the Association does not support a total package approach since there significant differences among the school districts as to the extent of health and other insurance

coverage which the Association believes must be taken into account. Since the Employer's data is deficient in this regard, the Association contends that the total compensation approach should be rejected in this proceeding.

Turning to the Employer's argument that special attention must be given to the substantial increase in the School District's 1984-85 tax levy rate, the Association argues that Southern Door County teachers should not be penalized because of the "balloon effect" of delayed taxation which was attributable to the budgeting errors and poor practices of a prior district administrator. The Association further notes that the School District has budgeted a net \$25,000 contract "buyout" for this former administrator responsible for the budget shortfall and contends that this too should not result in any penalty to the School District's teachers who had no responsibility for these administrative events. In addition, the Association notes that the statutory date for raising the 1984-85 tax rate has passed and there cannot be an adverse impact upon 1984-85 taxes if the Association's final offer was selected.

The Association next argues that economic conditions within the School District's geographical area are less severe than those portrayed by the Employer and are similar to conditions found in the comparable school districts. It notes the decline in the county's unemployment rate and the anticipated increase in shipyard employees as a result of new business. From this view of the economy, the Association concludes that teachers of this School District should not be required to "pay the price" for general (but improving) economic problems when teachers in neighboring districts have not been similarly treated.

Finally, the Association points to national and state reports recently issued which have identified the serious problem of the growing disparity between teachers' compensation and compensation of other professionals. These reports all point to a crisis in public education due to the teachers' pay problem and urge the establishment of professionally competitive salaries for teachers often using the figure of \$20,000 per year as the appropriate beginning teacher salary. The Association concludes that its final offer in this proceeding of \$15,000 base salary is an attempt to address the serious concerns expressed in these well respected and widely circulated reports.

For all the above reasons, the Association concludes that its final offer should be selected as the more fair and equitable one.

DISCUSSION

While the total dollar amount which separates the parties' final offers, approximately \$40,000, is not comparatively large, the parties' positions throughout this proceeding have not been very flexible for understandable reasons. The Employer is under considerable pressure from a community which has just experienced a 30% tax rate increase. Many members of the community are also continuing to experience difficult economic times because of depressed agricultural prices and layoffs and wage freezes at the nearby shipyards. For taxpayers going through difficult economic times, even the Employer's final offer totaling 7.7% appears unduly generous. On the other hand, the Association wishes to maintain its comparative gains of the past two years and is fighting hard not to slip behind again. Also, the teachers' bargaining unit does not believe that it is fair to penalize them and require them to "pay the price" for this year's large tax increase when they were not responsible in any way for the poor budgeting practices of prior school boards and a prior district administrator. As the history of this impasse indicates, there is no simple and easy solution which would meet the needs of both the School District and the Association at the same time. It was unfortunate that this proceeding did not offer a sufficient opportunity to explore ways to reduce the Employer's health insurance costs so that some "savings" from this area might be considered available for salary schedule improvements. Future

negotiations on this topic should provide a timely opportunity for exploring insurance risk and liability reallocations and the inter-relationship between insurance and salary funding.

As for this impasse, there are several issues which separate the parties. One concerns whether two school districts recently added to the Athletic Conference, Oconto and Oconto Falls, should be included among the appropriate comparables which have historically been the school districts comprising the Packerland Athletic Conference. Although they are geographically separated from the peninsula school districts, Oconto and Oconto Falls School Districts are of similar size and share many characteristics of the traditional comparables. Moreover, even among the uncontested comparables there are substantial and significant differences relating to size, tax base, state aid, and economic conditions and characteristics which make this Athletic Conference heterogenous. As long as all the heterogenous peninsula school districts are considered appropriate comparables, the School District's arguments for the inclusion of Oconto and Oconto Falls among the list of comparable school districts is reasonable.

Next, while the Association's arguments in support of a benchmark analysis are meritorious, the undersigned believes that special weight should be given to a total compensation approach since salary analysis standing by itself does not reflect the complete, relevant economic picture. The parties agree that for this purpose, the pertinent figures are 7.7% for the Employer's final offer and 9.3% for the Association's final offer. The average total package increase for the ten comparable school districts is 8.5% or exactly midway between the Employer's and Associations's offers although it should be noted that there are only several comparables which directly support either the Employer's or the Association's final offer positions in this proceeding. Thus, by itself, the total compensation approach cannot be determinative.

Even the benchmark analysis does not give the clearcut answer which the Association contends it does. The benchmark analysis supports the Association's position only when 1982-83 and 1983-84 rankings of the School District are examined. As the Employer points out, during these two years, the Employer funded greater than average salary increases. The Employer believes that 1981-82 rankings must also be considered and, when a three year perspective is used, the data supports its position. There is no doubt that in 1982-83 and 1983-84 School District teachers received pay increases totaling approximately 10% and 9% respectively. These increases, particularly in 1982-83, were significantly in excess of many of the comparables (even excluding Oconto and Oconto Falls). Whether the prior two years constitute a "norm", as the Association argues, or whether 1981-82 must be considered, as the Employer argues, is a difficult question to resolve. Only if the Association's historical view is correct and there is a finding that the 1982-84 rankings reflect the appropriate "norms" may it be properly concluded that a benchmark analysis clearly supports the Association's position. The record in this proceeding does not provide sufficient evidence to support either parties' position without significant reservations.

Since neither a total compensation approach nor a benchmark rankings approach provides a definitive answer to this salary schedule dispute, the undersigned finally turns to the economic arguments advanced by the Employer. The School District has emphasized two special arguments in this proceeding. The first is the recent 30% increase in tax levy rates for 1984-85 already imposed upon School District taxpayers and the second is the economic hard times faced by many School District taxpayers. Of course, there is an interrelationship between these two points. The Association's response is that neither of these Employer arguments resulted from anything attributable to the Association and that District teachers should not be penalized for circumstances beyond their control. The Association further argues that the Employer's view of difficult economic times is exaggerated.

Although the Association is, of course, correct in stating that teachers were not responsible for the recent 30% tax levy increase, it is not inappropriate to take into account that unusually large increase when combined with economic difficulties faced by many District taxpayers, particularly farmers and shipyard workers. While the record does not disclose any farm foreclosure, it does indicate that this predominantly rural School District with little manufacturing, mercantile operations or tourism and dependent upon the fortunes of nearby shipyards is more economically vulnerable than its neighbors. Given these 1984-85 facts and taking into consideration that the Employer's position has some support from both a total compensation and benchmark ranking analysis, the undersigned concludes that the Employer's final offer is more reasonable and more closely conforms to the statutory factors than does the Association's offer. It should be noted, however, that this conclusion is heavily dependent upon the special combination of economic circumstances presented by this record and is not intended as a negative comment upon the teachers' understandable desire to continue their salary advances of 1982-83 and 1983-84.

AWARD

Based upon the statutory criteria in Section 111.70(4)(cm)(7), the evidence and arguments presented in this proceeding, and for the reasons discussed above, the mediator-arbitrator selects the final offer of the Employer and directs that it, along with all already agreed upon items, be incorporated into the parties' 1984-85 collective bargaining agreement.

Chilmark, Massachusetts
June 3, 1985


June Miller Weisberger
Mediator-Arbitrator

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SCHOOL BOARD FINAL OFFER

APPENDIX A

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

SOUTHERN DOOR COUNTY SCHOOL DISTRICT

1984-85 Salary Schedule

<u>Years Experience</u>	<u>BS</u>	<u>BS+15</u>	<u>M. S.</u>	<u>MS+10</u>
0	14750	15200	15650	16100
1	15488	15938	16388	16838
2	16225	16675	17125	17575
3	16863	17413	17863	18313
4	17700	18150	18600	19050
5	18438	18888	19338	19788
6	19175	19625	20075	20525
7	19913	20363	20813	21263
8	20650	21100	21550	22000
9	21388	21838	22288	22738
10	22125	22575	23025	23475
11	22863	23313	23763	24213
12	23600	24050	24500	24950
13	<u>23950</u>	24788	25238	25688
14		<u>25138</u>	25975	26425
15			<u>26325</u>	27163
				<u>27513</u>

NOTE: The last step in each lane reflects a longevity payment of \$350.00

DB 10/25/84
[Signature]

Annex "A"

SDCA CORRECTED FINAL OFFER

Appendix A
Salary Schedule 1984-5
SOUTHERN DOOR COUNTY SCHOOL DISTRICT

	BS	BS+15	MS	MS+10
0	15000	15450	15900	16350
1	15750	16200	16650	17100
2	16500	16950	17400	17850
3	17250	17700	18150	18600
4	18000	18450	18900	19350
5	18750	19200	19650	20100
6	19500	19950	20400	20850
7	20250	20700	21150	21600
8	21000	21450	21900	22350
9	21750	22200	22650	23100
10	22500	22950	23400	23850
11	23250	23700	24150	24600
12	<u>24000</u>	24450	24900	25350
13	24350 ←	<u>25200</u>	25650	26100
14		25550 ←	<u>26400</u>	26850
15			26750 •	<u>27600</u>
				27950 ←

Yearly increment will be equal to 5% of the B.S. base

* Full-time teachers above the last step in their respective lane of the salary schedule shall receive an extra \$300.00.

The District will contribute five percent (5%) of a teacher's income to the State Teachers Retirement Fund.

Unit leaders shall receive an additional \$605 per person.

Department heads shall receive an additional \$605 per person.

Donis W. Muehl
1/22/85

Annex "B"