

JUL 01 1985

STATE OF WISCONSIN
BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

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 In the Matter of the Petition of :
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 BERLIN EDUCATION ASSOCIATION :
 : Case 12
 To Initiate Mediation-Arbitration : No. 33628 MED/ARB-2874
 Between Said Petitioner and : Decision No. 22248-A
 :
 BERLIN AREA SCHOOL DISTRICT :
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APPEARANCES

James Yoder, South Central United Educators, on behalf of the Association

William Bracken, Wisconsin Association of School Boards, on behalf of the District

On January 15, 1985 the Wisconsin Employment Relations Commission appointed the undersigned Mediator-Arbitrator pursuant to Section 111.70(4)(cm)6b. of the Municipal Employment Relations Act in the dispute existing between the Berlin Area School District, hereafter the District or the Board, and the Berlin Education Association, hereafter the Association. Pursuant to statutory responsibilities the undersigned conducted a public hearing in Berlin, Wisconsin on April 9, 1985 regarding the matter, which was followed immediately thereafter by mediation proceedings between the parties. Said mediation failed to result in voluntary resolution of the dispute. The matter was thereafter presented to the undersigned in an arbitration hearing conducted on April 23, 1985 for final and binding determination. Post hearing exhibits and briefs were filed by both parties which were exchanged by the undersigned by June 5, 1985. ^{1/} Based upon a review of the evidence and arguments, and utilizing the criteria set forth in Section 111.70(4)(cm), Wis. Stats., the undersigned renders the following arbitration award.

ISSUES

This dispute is over the salary schedule for the 1984-85 school year. Both parties have proposed the same number of lanes and steps that existed in the prior year's salary schedule. Under the 1983-84 schedule there was a two tiered vertical increment structure: steps 1 through 7 were \$400, and steps 8 to the top were \$420. The horizontal increment was \$550 between lanes. Under the Board's offer the BA base would be raised to \$14,450, an increase of \$950. Vertical increments would be \$430, except for the last step which would be raised to \$550. The horizontal lane differential would remain at \$550. The Union proposes vertical increments of \$460, a horizontal lane differential of \$600, and an increase in the base of \$900 to \$14,400.

The Board calculates that under its proposal the average "salary only" increase would be 7.8%, while under the Association's offer it would be 9.7%. The value of the Board's proposed total package would be 8.3% while the Association's proposal would amount to a 10.1% increase. These calculations were not disputed by the Association.

The parties agree that the districts in the East Central Athletic Conference are the appropriate group of districts to utilize as

^{1/}Additional exhibits and arguments were exchanged by the parties thereafter; however, since said materials were not filed in accord with the procedure agreed upon by the parties during the course of the arbitration hearing, and since the parties did not agree thereafter to a modification of said procedure to allow for the receipt of said materials into the record, said materials will not be considered by the undersigned herein.

comparables in this proceeding. The undersigned will therefore utilize said districts as comparables, with the exception of Wautoma, which does not have an agreement for 1984-85, and Omro, which the record indicates may have a salary schedule on which teachers are not placed in accord with their years of experience, thereby making salary benchmark comparisons unreliable. ^{2/}

Association Position

The District clearly has property values behind each child ample to support an educational system commensurate with other Conference schools.

In 1983-84 per pupil costs in the District were the lowest among the Conference schools. Thus, the District is not making the sacrifice in support of education that other comparable districts are making.

The levy rate in the District has been consistently low over a period of years, which sustains the Association's contention that the tax burden in the District is certainly not excessive.

The pattern of settlements among the Conference districts for 1982-83 to 1984-85 should be the standard looked to in evaluating the merits of the final offers at issue herein. This is so because the District did not bargain during the intervening year, which resulted in a wage rate isolated from the economic forces in effect at the time, with a consequent negative outcome for the teachers.

When the two-year settlement pattern is analyzed, the Association's offer is clearly the more comparable of the two at issue herein.

When comparing the salary benchmark ranking of the District among its comparables, one finds that the Association's proposal more nearly sustains the District's historic position. Furthermore the benchmark rank of the District's salaries, as proposed by the Association, more nearly approaches the average of benchmark salaries in the Conference for 1984-85 than does the District's offer.

A comparison of dollar and percent increases among the comparable districts over the same two-year period also shows that the Association's offer is the more comparable and meritorious of the two.

In addition, the substandard salary increases paid in the second year of the expiring contract warrant catch up increases for 1984-85 to return the District to the comparative salary levels existing at the onset of that agreement.

Relatedly, there was no quid pro quo in the settlement of the 1982-83/1983-84 agreement that resulted in the lower salaries which existed in the second year of that agreement.

The amended salary schedule structure proposed by the Association is nearer the structure used by comparable districts than is the District's proposal. In this regard it is noteworthy that the District's salary schedule is far longer than any other schedule in the Conference. In addition, the District has fewer training lanes than most of the districts in the Conference. These differences result in diminished opportunity for salary increases resulting from lane advancement, and a much longer period of time to reach the career salary.

The Association's proposal attempts to remedy some of this salary schedule structure problem by increasing the size of increments.

Six comparable districts settled contracts voluntarily in the same economic environment as that which exists herein containing salaries comparable to those proposed by the Association.

The District has at least average wealth available to support its educational programs. In addition, the District does not make an

^{2/} See District Exhibit 21 where issue was raised.

exceptional effort to fund schools on a per pupil basis. In fact, in this regard it ranks rather low.

The pattern of comparable settlements is the most appropriate measure of what constitutes a reasonable response to cost of living increases.

No evidence has been submitted indicating that the District's teachers enjoy fringe benefits beyond the norm; therefore, evaluation of the offers should be confined to the salary matter at issue herein.

And lastly, in support of the Association proposal is the fact that the District's teachers carry a greater workload than in comparable districts as measured by pupil/teacher ratios, and yet, the District's teachers are rewarded with among the worst salary schedules in the Conference.

District Position

Given the current disinflationary environment and the current economic turmoil faced by farmers, the Association's proposed package, which is the highest in the Conference, should not prevail.

The problem of high taxes on citizens with below average incomes is exacerbated by the fact that school spending has out paced inflation by a very large margin. District residents rank second to last in median household and family income among comparable districts, and above average in families below poverty, and yet it has one of the highest full value property tax rates. Given the fact that the District's residents are faced with a serious threat to their economic survival, the Board must try to hold down costs.

The Board's offer more reasonably balances the public interest with the teachers' interest. Its wage and benefit offer recognizes in a responsible manner the economic difficulties in the community, but still provides a reasonable wage and benefit increase to its teachers. An offer of 8.3% in an economy with an inflation rate of 3.1% over the relevant period clearly strikes a responsible and generous balance between the public interest and the needs of the District's teachers. On the other hand, the Association's offer will require taxpayers to shoulder a greater burden at a time when restraint and moderation are warranted. This is especially true in light of the declining income received by farmers, and the relatively low income earned by the highly taxed residents of the District.

The District does not have any building program to pay for, unlike other districts, which accounts for its relatively low school costs. Also, the District has a slightly higher pupil-teacher ratio which reduces costs. These are educational policy decisions that rest with the Board and should have no bearing on the outcome of this case.

When parties enter into multi-year agreements, both parties take a chance. Both parties knew of the risks when they entered into their prior multi-year agreement, and it would be unfair for the arbitrator to review that agreement now and hold the Board accountable for the voluntary settlement which the parties agreed upon.

Neither party's proposal would result in significant salary ranking differentials than previously existed between the District and comparable districts. In fact, the District has maintained or improved its relative rank at the salary schedule benchmarks over the past six years, which supports the reasonableness of the Board's offer herein, which, at the minimum, maintains the District's relative salary ranking among the comparables.

Increases at the benchmarks from 1983-84 to 1984-85 among comparable districts also support the reasonableness of the Board's offer herein. The same conclusion flows from a comparative analysis of average dollar and percent increases based either upon salary alone or total package comparisons.

While other District employee groups received total package increases of around six percent, the Board's offer is at least a full two percent above the next highest employee group's total package increase, which further supports the reasonableness of the District's proposal.

Admittedly, the District's salary schedule is relatively long, but this should not be a factor that is held against the Board since both parties have agreed upon the number of lanes and steps.

Because of the unique salary schedule structure, the District has emphasized a relatively high BA and MA base as a means of adding dollars to the schedule. The vertical increment cannot be raised to the levels found in the comparables or the District's maximum salaries would explode out of sight. A possible reduction in the number of steps with a corresponding increase in the vertical increment should come about only by collective bargaining between the parties.

No justification exists for changing the lane differentials, and the Association's proposed vertical step increment improvements are excessive.

Lastly, the Board's offer is over two times the relevant CPI increases, which guarantees that teachers will actually gain in spending power in very real terms from the Board's offer.

Discussion

In order to facilitate an analysis of comparable salary schedule settlements, the undersigned has constructed the following charts reflecting certain salary benchmark comparisons. Although the undersigned has normally utilized seven benchmark comparisons in disputes such as this, because the structure of the schedule at issue herein is so different from the schedules which exist in comparable districts, in terms of the number of vertical steps which said schedules contain, the undersigned has utilized two additional benchmark comparisons, the BA 12th step, and the MA 14th step, which will provide a basis for comparing the salaries of teachers in the District who have completed the same number of years in the District as similarly situated teachers in comparable districts who have reached the average maximum step of the comparable districts in the BA and MA columns. This will allow for a more complete and relevant comparison of salaries among teachers in the comparable districts who are just beginning to teach, who are moving through the schedule after five-ten years of experience, who are reaching the maximums on their schedules (with between 10-15 years of service), and who have been at their schedule maximums for a number of years.

The salary benchmark comparisons the undersigned has utilized are based upon 1983-84 and 1984-85 salaries. Although the Association has urged that comparisons with 1982-83 salaries be utilized, the undersigned is of the opinion that even where parties are coming off of multi-year agreements, in proceedings such as this, comparisons should normally be made based upon the salaries in existence during the last year of the parties' prior agreement. This conclusion is based upon the undersigned's belief that when parties agree upon multi-year contracts, there are certain inherent risks for both which are implicit in the bargain they made, and it is not the task of an arbitrator in succeeding rounds of negotiations to necessarily correct or remedy all changes in status that result from such bargains. Where however it becomes clear that such multi-year agreements result in wages which are significantly out of line, based upon an analysis of comparable employer-employee relationships, adjustments may become necessary, and in circumstances where the foregoing has been demonstrated, in the undersigned's opinion it is not inappropriate for such adjustments to be made in these types of proceedings.

Based upon the foregoing the undersigned deems the following to be the relevant salary benchmark comparisons to utilize in this proceeding:

BA BASE

<u>District</u>	<u>83-84</u> <u>\$</u>	<u>84-85</u> <u>\$</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	13500	14300	800	5.9
Little Chute	14175	15100	925	6.5
Ripon	13800	14675	875	6.3
Waupaca	13150	13865	715	5.4
Winneconne	13735	14600	865	6.3
Average	13672	14508	836	6.1
Berlin	13500	B 14450 U 14400	950 900	7. 6.7
+/- Average	- 172	B - 58 U - 108	114 64	.9 .6
Rank Among 6	4/5	B 4 U 4		

BA 7th STEP

<u>District</u>	<u>83-84</u> <u>\$</u>	<u>84-85</u> <u>\$</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	16560	17510	950	5.7
Little Chute	17860	19026	1166	6.5
Ripon	16795	17880	1085	6.5
Waupaca	16702	17609	907	5.4
Winneconne	17029	18104	1075	6.3
Average	16989	18025	1037	6.1
Berlin	15900	B 17030 U 17160	1130 1260	7.1 7.9
+/- Average	-1089	B - 995 U - 865	93 223	1.0 1.8
Rank Among 6	6	B 6 U 6		

BA 12th STEP

<u>District</u>	<u>83-84</u> <u>\$</u>	<u>84-85</u> <u>\$</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	19110	20185	1075	5.6
Little Chute	21262	22650	1388	6.5
Ripon	19075	20320	1245	6.5
Waupaca	20254	21353	1099	5.4
Winneconne	19225	20440	1215	6.3
Average	19782	20990	1204	6.1
Berlin	18000	B 19180 U 19460	1180 1460	6.6 8.1
+/- Average	-1782	B -1810 U -1530	- 24 256	.5 2.0
Rank Among 6	6	B 6 U 6		

BA MAX

<u>District</u>	<u>83-84</u> <u>\$/Steps</u>	<u>84-85</u> <u>\$/Steps</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	21660/16	22860/16	1200	5.5
Little Chute	21262/12	22650/12	1388	6.5
Ripon	19075/10	20320/10	1245	6.5
Waupaca	20254/12	21353/12	1099	5.4
Winneconne	19225/10	20440/10	1215	6.3
Average	20295/12	21525/12	1229	6.0
Berlin	20520/17	B 21880/17 U 22220/17	1360 1700	6.2 8.3
+/- Average	225	B 355 U 695	131 471	.2 2.3
Rank Among 6	3	B 3 U 3		

MA BASE

<u>District</u>	<u>83-84</u> <u>\$</u>	<u>84-85</u> <u>\$</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	14300	15100	800	5.6
Little Chute	15876	16912	1036	6.5
Ripon	14900	15865	965	6.5
Waupaca	14237	14952	715	5.0
Winneconne	14755	15620	865	5.9
Average	14813	15690	876	5.9
Berlin	15150	B 16100 U 16200	950 1050	6.3 6.9
+/- Average	337	B 410 U 510	74 174	.4 1.0
Rank Among 6	2	B 2 U 2		

MA 10th STEP

<u>District</u>	<u>83-84</u> <u>\$</u>	<u>84-85</u> <u>\$</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	19160	20185	1025	5.3
Little Chute	21908	23338	1430	6.5
Ripon	20325	21674	1349	6.6
Waupaca	20006	21009	1003	5.0
Winneconne	20065	21245	1180	5.9
Average	20293	21490	1197	5.9
Berlin	18810	B 19970 U 20340	1160 1530	6.2 8.1
+/- Average	-1483	B -1520 U -1150	- 37 333	.3 2.2
Rank Among 6	6	B 6 U 5		

MA 14th

<u>District</u>	<u>83-84</u> <u>\$</u>	<u>84-85</u> <u>\$</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	21320	22445	1125	5.3
Little Chute	23814	25368	1554	6.5
Ripon	23270	24827	1557	6.7
Waupaca	22570	23701	1131	5.0
Winneconne	22425	23745	1320	5.9
Average	22680	24017	1337	5.9
Berlin	20490	B 21690 U 22180	1200 1690	5.9 8.2
+/- Average	-2190	B -2327 U -1837	-137 353	0. 2.3
Rank Among 6	6	B 6 U 6		

MA MAXIMUM

<u>District</u>	<u>83-84</u> <u>\$/Steps</u>	<u>84-85</u> <u>\$/Steps</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	22940/16	24140/16	1200	5.2
Little Chute	23814/12	25368/12	1554	6.5
Ripon	23270/13	24827/13	1557	6.7
Waupaca	24493/16	25720/16	1227	5.0
Winneconne	23605/13	24995/15	1390	5.9
Average	23624/14	25010/14	1386	5.8
Berlin	23010/19	B24390/19 U24940/19	1380 1930	6.0 8.4
+/- Average	- 614	B- 620 U- 70	- 6 544	.2 2.6
Rank Among 6	5	B 5 U 4		

SCHEDULE MAXIMUM

<u>District</u>	<u>83-84</u> <u>\$/Steps</u>	<u>84-85</u> <u>\$/Steps</u>	<u>\$ Increase</u>	<u>% Increase</u>
Hortonville	23265/16	24465/16	1200	5.2
Little Chute	25089/12	26727/12	1638	6.5
Ripon	24535/14	26186/14	1651	6.7
Waupaca	24957/16	26184/16	1227	4.9
Winneconne	24115/13	25505/15	1390	5.8
Average	24393/14	25813/15	1421	5.8
Berlin	23560/19	B24940/19 U25540/19	1380 1980	5.9 8.4
+/- Average	- 833	B- 873 U -273	- 41 551	.1 2.6
Rank Among 6	5	B 5 U 4		

The foregoing data indicates that for the teachers with little or no teaching experience, e.g., the BA base and MA maximum, the District's proposal is the more comparable and reasonable of the two at the MA base in that its proposed salary and increase are more in line with the comparables than are the Association's proposal. At the BA base, although the Association's proposed increase is slightly more comparable than the District's, the District's proposed salary is more justifiable based upon its comparability and perhaps more importantly, based upon the increasingly undisputed need for districts to raise entry level salaries for new teachers coming into the profession.

For the teachers moving through the schedule however, including those with as much as 15 years of experience, e.g., the BA 7th and 12th steps, the MA 10th and 14th steps, although the District's proposed increases are clearly the more comparable of the two, because the District's proposed salaries are so out of line when viewed in the context of the comparables, in the undersigned's opinion the Association's proposal is clearly justified in order not to exacerbate what is already a serious comparability problem for the District.

At the lane maximums however, particularly for teachers who have previously reached the maximum step in their educational lane, the District's proposed increases, both in terms of dollars and percentages, are clearly more comparable than the Association's, and although some of the District's salaries are moderately low, when view of the context of the comparables, none of the District's proposed maximum are significantly out of line when viewed in said context. Therefore, based upon both of the foregoing considerations, it is the undersigned's opinion that the District's proposal, at the lane maximums, is both more comparable and reasonable than the Association's.

All of the foregoing indicates that at the top and bottom of the salary schedule the District's proposal is the more reasonable of the two at issue herein, while the Association's proposed schedule appears to be more competitive and reasonable at many of the intermediate steps. What in fact appears to be the case here is that the structure of the parties' salary schedule, particularly in terms of the number of vertical steps it takes to get through the schedule, is significantly out of line when it is viewed in the context of comparable schedules. However, neither party has chosen to address that problem in their proposals. Although the Association argues that it has addressed the problem by increasing the size of the increments, such an approach does not seem appropriate in the undersigned's opinion since it perpetuates the structural problem which exists, and also because instead of effectively remedying the problems which exist in the current schedule structure, i.e., by providing meaningful catch up to those most adversely affected by the schedule structure, the Association's proposal distributes the catch up money it asserts is justified in a manner which results in "catch up" adjustments for a good number of teachers on the schedule who do not require such adjustments, including, for example, those at the column maximums, where the District's salaries are currently moderately competitive.

While the record indicates that a new salary structure allowing for some catch up in the District is justifiable, and that there appears to be little persuasive justification for perpetuation of the structural problems which exist in the parties' salary schedule, in view of the fact that the Association's proposal does not properly or effectively address the structural problems which exist, and the fact that under the District's proposal the teachers will receive competitive salary increases, based upon what has occurred in comparable districts, the undersigned deems the District's overall salary proposal to be the more reasonable of the two at issue herein.

Based upon the foregoing considerations the undersigned hereby renders the following:

ARBITRATION AWARD

The District's final offer at issue herein shall be incorporated into the parties' 1984-85 collective bargaining agreement.

Dated this 20th day of June, 1985 at Madison, Wisconsin.

Byron Yaffe
Byron Yaffe, Arbitrator