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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

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 In the Matter of an Arbitration
 between
 TAYLOR SCHOOL DISTRICT
 and
 TAYLOR EDUCATION ASSOCIATION
 * * * * *

Case 5 No. 35052
 MED/ARB 3284 Decision No. 22927-A

Representing the District: Ms. Shannon E. Bradbury, Staff Counsel
 Wisconsin Association of School Boards
 Representing the Association: Mr. James C. Bertram, Executive Director
 Coulee Region United Educators
 Arbitrator: Mr. Neil M. Gundermann
 Date of Award: April 8, 1986.

ARBITRATION AWARD

The Taylor School District and the Taylor Education Association were unable to resolve a dispute regarding the terms and conditions of their 1985-86 agreement. A petition was filed with the Wisconsin Employment Relations Commission and the undersigned was selected by the parties to serve as mediator/arbitrator.

A public hearing was held on January 8, 1986, in Taylor, Wisconsin. Following the public hearing an attempt to mediate the dispute was made and when such efforts proved to be unsuccessful, the arbitration hearing was held. During the hearing the parties were afforded the opportunity of presenting evidence. At the time of the hearing it was determined that the hearing would be held open until the filing of briefs during which time additional evidence could be introduced.

Both parties filed briefs.

POSITIONS OF THE PARTIES:Association's Final Offer

BA Base	\$15,435.00
Vertical Increment	475.00
Retain BA+24 to MA Increment	367.00
Retain MA to MA+6 Increment	216.00

Board's Final Offer

BA Base	\$14,555.00
Vertical Increment	412.00
Additional Lane - MA+18	
Reduce Horizontal Increment between BA+24 and MA	
from \$367 to \$206	
Reduce Horizontal Increment between MA and MA+6	
from \$216 to \$206	

Additional Cells (Steps)

BA	3 Cells
BA+6	3 Cells
BA+12	3 Cells
BA+18	2 Cells
BA+24	2 Cells
MA	2 Cells
MA+6	1 Cell
MA+12	1 Cell

ASSOCIATION'S POSITION:

It is the Association's position that its salary schedule is the more appropriate of the final offers submitted to the arbitrator for consideration. The Association notes that its proposed BA base of \$15,435 is the more reasonable. The Board's BA base has never fallen below Gilmanston during the four years between 1981-82 and 1984-85. Additionally, Gilmanston is consistently ranked at the bottom or twelve in the twelve-school conference, the Dairyland Conference. If the Board's final offer would be accepted, the Board's BA base would fall below Gilmanston and become the bottom or rank twelve, while the Association would have a Board rank above Gilmanston as it has since 1981-82.

The Board's increase to \$14,555 at the BA base is \$417 below the average increase granted in the Conference. The Association's BA increase is \$463 above the Conference.

According to the Association, the Conference average BA base settlement is \$15,461, and the Association's offer of \$15,435 is \$26 below average. In comparison, the Board's final offer for BA base is \$14,555, or \$906 below the average.

When looking at other comparable districts in the geographic proximity of the District, it clearly establishes a similar pattern. These other districts, referred to as Group 2 comparables, establish that the Board's offer would place the District below the Group 2 BA base average by as much as \$396, while the District was below the average by \$79 in 1981-82, \$52 in 1982-83, and \$148 in 1984-85. The Association's proposal reverses the downward trend by being \$484 over the average. The Group 2 BA base average for 1985-86 is \$15,371. The Association is \$64 above the average with its \$15,435 offer. The Board's offer would have the District \$816 below the average with its \$14,555 final offer. In the Group 2 comparables, ten of eleven districts are at more than \$15,000 for the BA base, with all of the Dairyland Conference above \$15,000.

Based on all the evidence, the Association contends that its BA base final offer of \$15,435 is more consistent with the Dairyland Conference settlements as well as the settlements

in other area schools. Even though the Association's increase in dollars at the BA base is above the average, the Association's BA base is still below the Conference average by \$26, while the Board's proposal would have the District over \$900 below the Conference average.

The Board is proposing adding an MA+18 lane to the schedule, while the Association is proposing the schedule remain as is, with the MA+12 lane as the highest MA lane. The Association contends the Board's proposal is not supported by either of the comparable groups put forth by the Association. The 1985-86 settlements for both the Dairyland Conference and area schools show only three of the salary schedules that have an MA+18 or greater lane.

The Board introduced no evidence that any teachers are eligible for the new proposed MA+18 lane. The new lane will enhance the Board's data on bench mark comparisons, as the schedule maximum would be the new lane and would place the ranking in dollar improvements much higher than if no new column were added.

The Association has proposed no change in the 1984-85 salary schedule regarding the number of vertical steps within the lanes on the schedule. In contrast, the Board proposed the addition of a number of steps to the various lanes. The Association notes that none of the salary schedules that have been settled have included an increase in the vertical steps. Thus, the Association's position to retain status quo on vertical steps is supported by the 1985-86 settlements used in this arbitration.

In addition to increasing the number of vertical steps, the Board's proposal provides for the continuation of the longevity program currently in effect. A review of the location of teachers on the salary schedule shows that only four teachers are at the maximum step. Since the Board has added steps to each of the lanes, no teacher under the Board proposal would be eligible for longevity, since they will not have been at the new step more than one year. However, the Board has calculated a \$636 longevity cost for 1985-86. The Association contends there is no comparable in the settlements for 1985-86 which supports the Board's final offer of increasing the number of steps in the salary schedule.

The Association has proposed a status quo on the 1984-85 educational lane increments. In contrast, the Board has proposed a reduction between the BA+24 and the MA lane from \$367 to \$206, and a \$10 reduction between the MA and MA+6 lanes. Such reduction is not supported by the settlements in the Dairyland Conference.

The cutback in lane increments by the Board produces a much smaller MA base, which in turn shrinks the spread between the BA base and the MA base. The spread between the BA and MA in the Board's final offer amounts to \$1,030, while the Association retains the 1984-85 spread of \$1,191 due to its position of status quo on lane increments.

The 1984-85 schedule had all the vertical step increments at \$411. The Association is proposing vertical increments be increased to \$475, while the Board proposes increments of \$412. Increases are \$64 and \$1 for the Association and Board, respectively. The Association contends its evidence establishes the Conference increments have all been increased, and some significantly, over the 1984-85 increments. Additionally, the evidence establishes that many schools in the Conference have already higher increments than that which the Association is proposing, let alone what the Board is proposing.

The Association improvement on vertical increments is more in the mainstream of Dairyland Conference improvements than is the Board's proposal. The Board proposal of \$412 for vertical increments would leave the Board last in the comparables. Since the Board did not improve the vertical increments, it had to increase the number of vertical steps in order to have respectable benchmarks for comparisons.

The Association contends its proposed improvement of the vertical increments is in keeping with current settlements. The Association has not proposed an increment so great as to surpass all other increments; further, its proposal has the District's increments still below other schools. The Association believes its improvement on step increments meets one of its goals of helping the Board maintain its rank in the Conference, and simultaneously providing for current employes.

The Association has previously made reference to the spread between the BA base and MA base when discussing educational lane improvements. The Association's position is status quo, which means the Board would have a salary schedule \$161 less than the year before and lower than 1981-82. The Board would have the salary schedule stand alone with its approach of proposed reduction in the BA-MA spread. The reduction as proposed by the Board would reduce the MA base amount, resulting in a smaller index or percent over the BA base.

A comparison must also be made of the internal index which exists on the salary schedule. If the Board had not changed its salary structure, the index in the salary schedule would have remained unchanged; however, the Board is seeking substantial change in its salary structure. The Association's 1985-86 proposal in contrast maintains the existing structure as well as carefully distributing improvement in wage rates so as to continue the index of the prior year. The Association claims it has more closely followed the internal index of the past for the salary schedule. The Association has not gone above an index figure of the past nor has it gone below, save one, at the MA base. The Board in all cases will find its benchmark indexes to be below the past indexes save one. If the Board had made no structural changes, its indexes would have fallen below all of those as far back as 1981-82, save one, in 1981-82 schedule maximum. The Association's final offer provides for greater integrity of the internal index than the Board when reviewing the salary schedule as far back as 1981-82.

As to the statutory criteria regarding the interest and welfare of the public and the financial ability of the unit of government to meet the cost of proposed settlement, the Association notes that the Board is not all that different from either Alma Center or Osseo-Fairchild, and certainly does not meet the low level of Gilmanston. Yet the Gilmanston Board has settled for 1985-86 at a level well above where the Board is willing to settle.

The Association also challenges the 1984-85 cost calculated by the Board. Certain of the data given by the Board appears to be in conflict, and the Association notes that any conclusions or summaries drawn from such conflicting data can only be weighed lightly because averages for teachers can vary. The Association was given a 1984-85 total of \$491,064 from the Superintendent, and that varies considerably from what the Board uses itself, \$482,210 and \$483,065.

The Association further notes that the evidence establishes that the Board will receive an additional \$184,180 in aids and State credits for 1985-86 to help in operating the District. The Association believes this is adequate to implement the Association's offer using the 1984-85 staff cast forward cost of \$69,176. At no time has the Board made any attempt to establish that it is unable to implement the Association's final offer. Considering the fact that the 1985-86 State aids and credits will represent

an additional \$184,180 and that an actual total staff cost of \$22,407 is involved, the Association contends the Board is able to implement its economic package.

The Association further contends that in the area of fringe benefits, the Board is one of two with only health insurance. All other districts in the Dairyland Conference have at least two insurances and no more than three insurances listed. The 1985-86 insurance premium for the Board shows a reduction, and this reduction is due to the parties' agreement to a pre-hospital review. It is apparent that the overall compensation of the employes of the Board in both terms of wage rate and health insurance is one of the least in the Dairyland Conference.

For all of the above reasons, the Association respectfully requests that its final offer be awarded.

BOARD'S POSITION:

It is the Board's position that its final offer is the more appropriate under the circumstances, and therefore its final offer should be awarded. One of the factors to which the arbitrator is directed to give weight is the interest and welfare of the public and financial ability of the governmental unit to meet the costs of the proposals. The District is part of that segment of the Wisconsin farm economy which is in decline, and is made up in large part of retired persons and small farmers. The District has the lowest equalized valuation of any district in its Conference at \$34.9 million, lower by 43 percent than the next lowest district of Alma, which has a value of \$61.7 million.

The Board claims that it has among the highest unemployment rate, the highest poverty rate, the lowest equalized valuation, the lowest enrollment, and already the highest cost of education (as expressed in cost per member). An increase on the budget and the tax burden to such a community of 14.19 percent, as proposed by the Association, is not just unreasonable; it is unconscionable.

It is the Board's position that an attempt to extend the list of comparable schools beyond the Dairyland Athletic Conference is inappropriate and without sufficient justification. Some of the districts relied upon by the Association in its comparables are substantially geographically removed from the District so as to be entirely different markets in terms of goods, services, and competition for labor. Some of the districts relied upon by the Association are dependent upon the City of Eau Claire for their business and commerce, and presumably are influenced by its industrial and university-based economy as well.

Mondovi and Durand might arguably be the closest in economic base because of being farming-based communities. However, both have over 1,000 students, nearly four times the size of this District, and teaching staffs of 57.9 and 58.9 FTE, respectively. Mondovi has an equalized valuation of \$140.4 million, and Durand of \$168.5 million, compared to the District's \$34.9 million. With cost per member of \$2,478 and \$2,759, it is apparent that these farming communities have considerably different tax bases and economic climates than does this District.

It may be somewhat unfortunate, for the sake of comparison, that some of the districts within the Dairyland Conference are as big or as prosperous as they are. According to the Board, Alma is the closest to this District among the comparables. The unit has 389 students and 24.9 FTE teachers for a student-teacher ratio of 14.9. Even being close in size, however, it

still has an equalized value of nearly twice that of the District: \$61.7 million for Alma compared to \$34.9 million for the District. It has twice the tax base with which to pay those 5.9 extra teachers the added \$620 on their base salaries. Oddly enough, despite a small tax base and low enrollment, Alma has ranked medium to high in a benchmark analysis.

According to the Board, not surprisingly it has historically ranked low in the Conference. In 1984-85, for example, the Board ranked tenth or eleventh out of eleven in every benchmark. It is apparent from the Board's small enrollment, high poverty and unemployment, and small tax base, that it is not only the smallest but the poorest of the Conference schools. How can a district with such handicaps be expected to catch up with other schools in the Conference? The Association has offered no valid reasons for doing so. There are no major improvements in the economy taking place, no new industries moving in--just small industries and businesses moving out. Catching up would be an impossibility, as it is highly unlikely that either the equalized valuation or school aid will rise in 1986.

In addition to the salary increase, the Board has proposed small alterations in the format of the salary schedule itself. One such alteration is the inclusion of a lane for an MA+18, and another is the addition of new cells on the top of the lanes between the BA and MA. It is difficult to recruit teachers to an area such as this, and as a consequence the Board is attempting to provide incentives for experienced teachers to stay and for educated teachers to continue.

In concluding its arguments, the Board emphasized that its District has the lowest enrollment, the lowest FTE, and the most expensive cost per member in the Conference. Economically, it also has the lowest valuation, the highest percent of poverty, and the county in which it is found has the highest unemployment in the area.

Despite this fact, the Board has made a reasonable offer of 7.24 percent total package increase. Other settled districts in the Conference are indisputably higher in ranking in benchmarks, but those districts are clearly distinguishable on the basis of size, valuation, and historical background of those particular benchmarks. The Board can advance no legitimate reasoning for changing the status quo of the ranking within the Conference; there has been no significant change in the circumstances in the area, no new influx of industry and improvement in land values, and certainly no increase in school aids.

The only significant change from the status quo proposed by the Board is the addition of an additional lane for a MA+18 and additional increments on the lane from BA to MA. Without adding significant cost to the District, it might serve to retain experienced teachers. While the District recognizes it is reducing the horizontal increments between the BA+24 and MA, and MA and MA+6, the District contends this will provide for uniformity in horizontal increments throughout the salary schedule.

For all the above reasons, the Board respectfully submits that its final offer is the more reasonable of those to be considered by the arbitrator and therefore should be awarded.

DISCUSSION:

The only issue in dispute is the salary schedule. The Association is proposing a BA Base of \$15,435, while the Board is proposing \$14,555. The Association is proposing vertical increments of \$475, and the District is proposing to increase the vertical increments from \$411 to \$412. The Board is proposing a reduction in the horizontal increment between the BA+24 and MA lanes from \$367 to \$206, and reduction in the horizontal increment between the MA and MA+6 lane from \$216 to \$206. The Board proposal also includes additional steps on a number of the lanes and an additional lane of MA+18.

There are a number of ways to cost a salary proposal. One of the more frequently used methods assumes that all employees employed in the preceding year will be employed in the following year and all costs are calculated on that assumption. In this case the parties have costed their final offers by moving the same workforce forward one year. Both parties have used 22.5 FTE's in their calculations. Despite using the same costing method, there are differences in the costing of the respective final offers. Those differences are not sufficiently significant to have an impact on the results of this case.

Utilizing the "cost forward" method of costing, the Association costs its final offer at \$69,176 and the Board's final offer at \$32,088. By dividing the number of FTE's, 22.5, by the cost of the respective offers the increase per teacher can be determined. Under the Association's proposal, the increase would be \$3,074.49 and under the Board's proposal the increase would be \$1,426.13. These costs include salary schedule increases, extra-curricular payments, extended contracts, longevity, and additional contributions to the Wisconsin Retirement Fund. On a percentage basis the Association's final offer is 14.1 percent, and the Board's final offer is 6.5 percent.

The 1984-85 salaries for teachers in the District were either the lowest or next to the lowest in the Conference, depending upon the benchmarks used for comparison. The Association argues that its final offer of 14.1 percent is intended to improve the relative position of the District and re-establish the District's relative position to where it was in previous years. Essentially, the Association is arguing catch-up. The Board argues that considering the current economic conditions confronting residents of the District, catch-up is not a reasonable objective.

An analysis of the final offers establishes that the Association's final offer exceeds the settlements negotiated for the 1985-86 school year, whereas the Board's final offer is less than those settlements. Under the Board's final offer, teachers in the District will fall further behind their contemporaries in other districts.

In the opinion of the undersigned, neither final offer is reflective of the settlements in evidence. Given this view, the issue becomes essentially which final offer is the more reasonable considering the statutory criteria, including the interest and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement, and, settlements in comparable communities involving employees performing similar services.

The evidence establishes that the District has one of the lowest equalized valuations in the Conference as well as in the geographic area, with an equalized valuation of \$34.9 million. It is also among the smallest districts when measured in terms of students and faculty. It is comprised primarily of farms and agriculturally dependent businesses, and its residents

are subject to the problems generally facing the agricultural community. The evidence indicates this District simply does not have the same financial resources that other districts in the Conference enjoy. This is undoubtedly a factor which has contributed to the District's relative standing in the area of salaries within the Conference.

Under these circumstances, even where catch-up is warranted, it is difficult to justify an increase of 14.1 percent. Certainly, it cannot be argued that inflation is a factor. The Board's offer of 6.1 percent exceeds the inflation rate.

The Board's final offer contains several changes in the salary schedule, including the addition of steps and an additional lane, MA+18. Some arbitrators have taken the position that structural changes in the salary schedule should be accomplished through negotiations, not arbitration. A persuasive argument can be made that a structural change in a salary schedule occurs not only when steps or lanes are added or deleted, but also when increments are changed. In this case the Board's proposal reduces two horizontal increments, while the Association's proposal increases all vertical increments. To the extent that both proposals involve a change in increments, both proposals have an impact on the salary schedule.

The Board has provided no justification for its proposal to reduce the existing horizontal increments. While reducing the two increments to \$206 establishes the same horizontal increment between all lanes, there is no justification for having the same increment where the parties previously negotiated a different increment.

The Board's final offer adds steps to the majority of the lanes, raising the maximum of the lanes. The Association's final offer also raises the maximum of the lanes, but does so by increasing the vertical increments which has a compounding effect on each cell. The difference in approach is the time required to reach the maximum salary in each lane, and the amount of increase at each step. If the only issue to be considered in this case was the salary schedule structure, and not the cost of the entire package, the Association's proposal regarding the salary schedule structure might very well prevail.

The actual cost of the Association's final offer is not \$69,176, as the number of FTE's has been reduced from 22.5 for the 1984-85 school year to 20.9 for the 1985-86 school year. However, the reduction in FTE's does not change the amount of increase which would be received by returning teachers, and cannot be used to justify an increase of 14.1 percent.

After considering all of the applicable statutory criteria it is the opinion of the undersigned that the Board's final offer is the more reasonable of the final offers under the circumstances.

It therefore follows from the above facts and discussion thereon that the undersigned renders the following

AWARD

That the Board's final offer as well as all other previously agreed to changes be incorporated into the 1985-86 contract.



Neil M. Gundermann, Arbitrator

Dated this 8th day
of April, 1986 at
Madison, Wisconsin.