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STATE OF WISCONSIN  
BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

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In the Matter of the Interest Arbitration of a Dispute between	:	
SHEBOYGAN FALLS SCHOOL DISTRICT	:	
and	:	Voluntary Impasse Resolution Procedure
SHEBOYGAN FALLS FACULTY ASSOCIATION	:	
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Appearances:

Mulcahy & Wherry, S. C., Attorneys at Law, by Mr. Jon E. Anderson, appearing on behalf of Employer.  
Mr. Richard Terry, Executive Director, Kettle Moraine UniServ Council, appearing on behalf of Association.

ARBITRATION AWARD:

On February 11, 1986, the Sheboygan Falls School District, referred to herein as the Employer, and Sheboygan Falls Faculty Association, referred to herein as the Association, entered into a Voluntary Impasse Resolution Procedure, pursuant to the provisions of Section 111.70 (4)(cm) (5) of the Wisconsin Statutes. The Voluntary Impasse Resolution Procedure is:

1. The arbitrator shall be Mr. Joseph B. Kerkman.
2. The representatives of the Employer and Union shall meet and review the exhibits of the other party. Upon completion of such review, the exhibits shall be jointly forwarded to the arbitrator. These exhibits shall be postmarked no later than February 21, 1986.
3. The criteria to be used by the arbitrator in reaching his decision shall be the criteria set forth in Section 111.70 (4)(cm) (7), Wis. Stats.
4. The parties agree that briefs shall be jointly submitted by the representatives of the Employer and the Union on or before March 7, 1986.
5. The decision of the arbitrator shall be postmarked on or before sixty (60) days following receipt of the briefs.
6. The parties agree that all other procedures for resolving the dispute shall be in accordance with the procedures of Section 111.70, except as modified above.

Pursuant to the foregoing the exhibits and briefs were timely received by the Arbitrator.

THE ISSUES:

In dispute between the parties is the salary schedule. The Employer final offer proposes a BA minimum of \$15,456 and a schedule maximum of \$26,689; schedule

maximum with longevity would be \$28,767. The Employer proposal would result in an increase per cell of \$1146.

The final offer of the Association proposes a base salary of \$15,910, and a schedule maximum of \$27,143; the schedule maximum with longevity would be \$29,221 under the Association proposal. The Association proposal results in an increase per cell of \$1600.

The Employer proposal presents an average teacher increase of \$1561, and the Association proposal presents an average teacher increase of \$2115.

The total package increase of the respective offers is 7.5% for the Employer offer and 9.38% for the Association offer.

#### DISCUSSION:

The Voluntary Impasse Resolution Procedure of the parties directs the Arbitrator to consider the final offers of the parties in light of the statutory criteria set forth in MERA at 111.70 (4) (cm) 7, a through h. The parties have focused their evidence and argument to the following criteria:

1. The interest and welfare of the public.
2. The average consumer price for goods and services.
3. Comparison of district teacher wages with wages of other teaching employees, other municipal employees and private sector employees performing similar services in public employment and private employment, both within and outside of the community.
4. Comparisons with the total compensation received by other public sector employees performing similar services.
5. The continuity and stability of employment.
6. Other factors which are normally or traditionally taken into consideration in the determination of wages through voluntary collective bargaining mediation and arbitration.

The undersigned will consider the arguments and evidence of the parties in light of the foregoing criteria.

#### THE COMPARABLES

The parties are not in agreement as to what constitutes the comparables for the purpose of determining which party's offer is preferred. The Employer argues that the comparables should be limited to those of the Athletic Conference. The

Association also relies on the Athletic Conference, but additionally stipulates evidence and makes argument with respect to other proposed comparables which would include a second tier of comparables consisting of what it terms geographic proximate districts which were voluntarily settled at the time of the evidentiary submissions for 1985-86. Those comparables advanced by the Association include the districts of Elkhart Lake, Fond du Lac, Hilbert, Kohler, LTI, Menasha, Mishicot, Neenah, Czauskee, Sheboygan and Valders.

Finally, the Association proposes a tertiary set of comparables, wherein it compares the offers of the parties here to the average settlements statewide in the State of Wisconsin.

The undersigned has considered which comparables are appropriate for the purpose of determining the resolution of the dispute, and concludes that the Athletic Conference is the appropriate set of comparables to be considered when considering the comparison of wages and rankings of rates of pay. Therefore, in making the foregoing analysis, the undersigned will rely solely upon the Athletic Conference.

The undersigned rejects the inclusion of what the Association terms as proximate districts for this comparison; however, when considering the Employer's argument with respect to the impact on the economy of plant closings within the area, and when considering the state of the farm economy, some of the foregoing proximate school districts will be considered.

The undersigned also rejects the Association proposed comparables comparing the final offers to the settlements on a statewide basis. The trend of arbitral opinion with respect to these comparisons is that they are not appropriate. The undersigned agrees it is not appropriate, keeping in mind that in prior cases this Arbitrator has considered a deterioration of position from statewide averages which the instant school district involved in the arbitration enjoyed heretofore. Thus, if the evidence adduced were to establish that the average rate of pay within a given district historically correlated directly to a statewide average; and if the evidence established that the offer of an Employer deteriorated that correlation significantly, the foregoing comparative data would be appropriate for consideration. Here, however, there is no evidence in the record to establish the historic relationship of the rates of pay for teachers in the instant district with the statewide average, and no conclusions, therefore, can be drawn with respect to a deterioration of the relationship of the pay in the instant district to that average.

Consequently, statewide averages will not be considered in this dispute.

Having determined that the comparables for the purpose of comparing wages should be the Athletic Conference, the undersigned turns to that consideration. The Association has adduced evidence with respect to the comparative ranking of the teachers in the instant district with the others in the Athletic Conference. The evidence includes benchmark comparisons for 1981-82 through 1984-85. The foregoing comparison over a five year period is appropriate because it gives a picture of the historic relationships of the parties in ranking within the Athletic Conference. The undersigned, therefore, will consider those rankings in determining which party's final offer is preferred. The Athletic Conference consists of seven school districts made up of Kewaskum, Two Rivers, Plymouth, Sheboygan Falls, Kiel, New Holstein and Chilton. At the time of the submission of evidence, the school districts of Kewaskum, Plymouth and New Holstein were not settled. Thus, only three of the seven districts at the time of the submissions were available for comparative purposes. Subsequent to the submissions and the filing of briefs, however, arbitration awards were issued in the school districts of Chilton and New Holstein by Arbitrators Krinsky and Yaffe respectively. The undersigned takes notice of those awards, wherein the award in the school district of Chilton was rendered on behalf of the Association, and the award in the school district of New Holstein was rendered on behalf of the Employer. In making the following comparison of rankings, the undersigned constructs the rankings for 1985-86 at the benchmarks shown for each party's final offer in the year 1985-86. The following chart represents the historical ranking relationships within the Athletic Conference of the instant school district from 1981-82 through 1985-86 final offers. The chart reflects the maximums without longevity.

CHART I

	<u>81-82</u>	<u>82-83</u>	<u>83-84</u>	<u>84-85</u>	<u>85-86</u> <u>Board</u>	<u>85-86</u> <u>Association</u>
BA	2	3	4	7	3	2
BA MAX	1	1	1	2	1	1
MA	4	5	5	5	4	2
MA MAX	3	4	5	6	6	5
Schedule MAX	3	3	6	7	6	5

The foregoing chart shows a deterioration of the ranking relationship enjoyed by the instant teachers when compared with the Athletic Conference during 1981-82 through 1985-86. From the foregoing chart, it is concluded that the Association

offer more nearly restores the historic ranking within the Athletic Conference previously enjoyed by teachers in the instant district. Consequently, based on that comparison, the Association offer is preferred.

The foregoing analysis, however, does not consider a comparison of rankings with longevity included. If one were to include longevity, the rankings at the BA maximum would establish a ranking of 1 out of 6 comparable districts (Kewaskum data not available for 1985-86), irrespective of which offer was selected. In the prior year, the ranking with longevity included was also 1 out of the 7 comparable school districts. Unfortunately, data is not available for the entire span of time back to the 1981-82 school year, inclusive of longevity. Therefore, that comparison cannot be made back to the 1981-82 school year. At the MA maximum, either party's offer would rank the teachers of the instant district second out of the 6 comparables, and in the prior school year the ranking was third out of 7. Schedule max, with longevity, would rank the instant teachers, irrespective of which offer is selected, as second of 6 comparable districts, and in the prior school year the ranking was third out of 7 comparable school districts. At the schedule max, with longevity included, either party's offer would place the teachers of the instant district at second out of 6 comparable districts, and in the prior school year they ranked third out of 7 comparable districts. Therefore, when considering longevity, neither party's offer is preferred, since both offers improve the relative ranking of the school among the comparable school districts.

The undersigned now turns to a comparison of patterns of settlements among the five settled districts within the Conference. The percentage of settlements within the Conference of those districts settled (excluding Kewaskum), range from a low of 5.5% at Kiel to a high of 9.6% at Plymouth. The average of the percentages of settlement is 8.15% among the five settled districts. Here, the Employer offers a settlement (wages only) of 7% and the Association proposes a settlement calculating to 9.1%. Thus, the Association is proposing a wage percentage increase which is .95% over the average, and the Employer proposes a settlement (wages only) of an increase of 1.15% under the average settlement. The amounts over and under the average settlements are so close that based on that criteria, the offer of neither party is preferred.

The foregoing conclusion relates only to the average of the settlements.

If one were to compare the parties' final offers in the instant dispute to the mean settlement among the five settled comparable districts, the evidence reveals that the Association 9.1% wage only increase is the third highest among those settled districts, one above the mean. Similarly, the Employer offer is the third lowest among the settled districts, one below the mean. From the foregoing, the undersigned concludes the patterns of settlement, when compared to the mean, establishes no preference for either party's offer.

A comparison of dollar increase at the schedule maximum, however, presents a different picture. The schedule maximum increase proposed by the Employer in the instant matter, without longevity, is \$1146, and the Association proposes \$1600. The same increases apply in this school district for teachers at the maximum, inclusive of longevity. The evidence from Employer Exhibit No. 26 establishes that the increase at the schedule maximum without longevity among the comparables ranges from a low of \$1302 at New Holstein to a high of \$1801 at Two Rivers. The average of the increase at the schedule maximum, without longevity, among the five comparable settled districts is \$1575. The increase at the schedule max, without longevity, obviously favors the adoption of the Association final offer, since the Association offer is \$25 above that average, whereas the Employer offer is \$429 below that average. When considering the same comparisons, inclusive of longevity, the increases at the schedule max among the five settled comparable districts range from a low of \$1605 to a high of \$1892. The average teacher schedule maximum increase among the comparables is \$1647 inclusive of longevity. The Association offer is \$47 below that average, whereas the Employer final offer is \$501 below that average. Therefore, when considering the comparison of dollar increase at the schedule maximum, inclusive of longevity, the Association offer is clearly preferred.

The Employer urges that the undersigned consider the patterns of settlement which have emerged among their municipal employees in the same community. Employer Exhibit No. 33 indicates that the City of Sheboygan Falls wage increases for 1985 were 5% for the police unit, the public works and utility units, and that the administrative group for the City of Sheboygan Falls received a 5.5% increase. The same exhibit reveals that Sheboygan County negotiated increases with four separate units at 4% wage increase for the years 1985 and 1986. The undersigned finds the foregoing unpersuasive by reason of the dissimilarity of the positions, and the methods with which those increases are calculated, compared to the methods tradi-

tionally used in teacher units. Furthermore, the undersigned is of the opinion that the percentage of settlements in teacher settlements has consistently exceeded the percentage of settlements in the type of units contained within Employer Exhibit No. 33. Consequently, the rates of settlement among other municipal employees within the City of Sheboygan Falls and in Sheboygan County are unpersuasive in determining this dispute. The undersigned has further considered Employer Exhibit No. 32 which sets forth the percentage of wage increases among the other employees of the instant school district, both for wages only (5.95%) and for total package increase (7.36%). The undersigned concludes the foregoing data is likewise unpersuasive for the reasons stated above.

From all of the foregoing comparisons, then, the undersigned concludes that when considering a comparison of wages only that criteria would favor a selection of the final offer of the Association.

#### TOTAL COMPENSATION

The Employer argues their final offer is more reasonable when compared to the total compensation provided to teachers in comparable districts. Employer Exhibit No. 30 and 31 establish the level of benefits provided among comparable districts and the instant district for 1984-85 and 1985-86. The data contained within Employer Exhibits 30 and 31 are remarkably consistent among the comparables. All of the comparable districts where data is available provide for 100% premium contribution on the part of the Employer for health insurance, dental insurance, LTD. Furthermore, all of the comparable employers provide for a 6% payment of the employee's share of STRS. The only variance among the total compensation contributions of employers falls under life insurance, where the school districts of Chilton, Plymouth, Sheboygan Falls and Two Rivers contribute 41% of the employee's life insurance cost, while the school districts of Kiel and New Holstein contribute 100%. The undersigned further notes that in 1984-85 the school district of Kewaskum contributed 100% of the life insurance premium on behalf of its employees, and it is presumed that it will continue to do so for 1985-86, even though that data is not available in this record. Consequently, the undersigned rejects the Employer argument that the total compensation factor should result in a finding that the Employer final offer here is more reasonable, and finds that the total compensation factor favors neither party's final offer.

### COST OF LIVING CRITERIA

The Employer argues the cost of living criteria favors its offer because the cost of living index (Urban Wage Earners) advanced at an annual rate of 3.6% in December, 1985. The Employer correctly argues its 7.5% total package offer is favored under the cost of living criteria where the Association package offer is 9.38%. Consequently, the undersigned concludes the cost of living criteria favors the Employer offer in this matter.

### THE INTEREST AND WELFARE OF THE PUBLIC

Employer argues that its offer more reasonably offers a balance between the public interest and the employee interest. In making the foregoing argument, the Employer relies on the state of the farm economy and on the state of the manufacturing economy within Sheboygan County. Further, the Employer points to its budgetary processes, arguing that the salary and fringe benefit levels are increasing at a rate approximately 1½ times the increase in the overall school budget, because from 1982-83 to 1984-85 the percentage of funds budgeted for salary and fringe benefits increased from 70.7% of the total budget to 73.3% of the total budget.

Considering first the state of the farm economy as it impacts on the interest and welfare of the public, the undersigned has carefully examined all of the exhibits submitted by the Employer dealing with the farmers' plight. The evidence in this record establishes that when comparing the equalized land value of the Sheboygan Falls School District, 52.65% of that equalized land value falls within the agricultural designation. (Employer Exhibit No. 45) Therefore, the majority of land values within the district are agricultural in nature. The foregoing, however, does not establish a fair comparison since there is no data in this record to establish the percentage of equalized land value in the agricultural designation for the comparable school districts. Conceivably it is possible that the remainder of the school districts within the primary set of comparables may exceed the percentage of agriculture when making the comparison on an equalized land value basis. It is equally conceivable that the percentage of equalized land value attributable to agriculture in the sister school districts is lower. Nevertheless, there is nothing in this record on which this Arbitrator may draw a conclusion with respect to the comparison of agricultural land values in this district compared to those in the other districts among the comparables. Absent such a comparison, the argument with respect to the recognized financial plight of the rural community pales. The



comparable districts have made a higher percentage increase to teachers on the average than the Employer has offered here. Absent evidence which would distinguish the instant district from the comparable districts, the undersigned cannot conclude that the Sheboygan Falls District should be treated differently than the comparable districts who may be equally rural and agricultural in nature. The foregoing conclusion is supported by other Employer exhibits, where at Employer Exhibit No. 40, Sheboygan County shows a percentage of rural population of 36% compared to 50.8% in Calumet County and 41.4% in Manitowoc County. Thus, when comparing the comparable school districts which reside within those counties, it would be fair to assume from the evidence in this record that the school districts located within Sheboygan County are less rural in nature than those of Calumet and Manitowoc Counties.

The undersigned has carefully read the opinion of Arbitrator Yaffe in School District of New Holstein (MED/ARB 3288). In his decision, Arbitrator Yaffe awarded for the School District, which resulted in a wage increase of 6.9%. In doing so, Yaffe recognized the plight of the rural community in that district. However, Yaffe relied in a large part in his dicta at page 8 as follows:

In this regard the undersigned believes that the District's position, which is not demonstrably unfair or unreasonable when cost of living and comparability factors are taken into consideration, will also contribute to the District's ability to control costs, thereby allowing it to attempt to restrain local tax levies, which are relatively high among the District's comparables.

There is in evidence in this proceeding, statistical data bearing on this same question in Employer Exhibit No. 21. Employer Exhibit No. 21 establishes that the levy rate for 1984-85 in the instant school district is \$9.93. The levy rate in the school district of New Holstein is \$10.65. The levy rate in the instant school district is the fourth lowest among the levy rates of the comparable school districts, and is close to the three lower levy rates which exist in Chilton at \$9.45, Kewaskum at \$9.80, and Two Rivers at \$9.85. While the New Holstein levy rate of \$10.65 ranks fifth among the levy rates, it is considerably higher than that of the four lower ranking levy rates. Consequently, the undersigned concludes the levy rate consideration which Yaffee relied upon is unpersuasive.

Furthermore, the undersigned considers the evidence in Employer Exhibit No. 20, which sets forth the 1984-85 school cost per student. Sheboygan Falls school cost per student is \$2700.96, the fourth lowest among the comparables. The school cost in New Holstein per pupil is \$2880.43, which ranks it fifth from the

bottom. The same conclusions can be drawn from this statistical data which were drawn in the preceding paragraph.

From all of the foregoing discussion, the undersigned concludes there is not sufficient evidence in this record to conclude that the interest and welfare of the public, based on its agricultural nature, would warrant the adoption of the Employer offer.

The Employer further argues the private sector plant closings, and settlements, which have resulted in give backs, militates in its favor. The Employer cites the number of jobs lost in Sheboygan County, where employers have moved out numbering eight specific companies which include: Hayssen, Dillingham, Kingsbury Brewery, Thonet Industries, Armira Corporation, Leverenz Shoe Company, Garton Toy Company and Hydraulic Tools Corporation. The undersigned notes that the majority of the companies upon which the Employer bases its argument are located within the City of Sheboygan. Therefore, the undersigned concludes the impact of the foregoing closings and lost jobs as it relates to the amount of an appropriate salary increase may fairly be measured by how the City of Sheboygan School District was impacted as a result of those closings. Association Exhibit No. 28 establishes that the package increase for 1985-86 for Sheboygan schools was 8.16%. Thus, the Sheboygan School District, whose tax base was most severely affected by the foregoing plant closings, was able to grant an 8.16% package increase in the face of those plant closings. From the foregoing, the undersigned concludes the impact of the closings as it affects the instant school district does not militate for the adoption of the Employer offer, based on the interest and welfare of the public.

The undersigned has examined the evidence with respect to the concession bargaining which occurred at Gilson Bros. Company. Employer Exhibit No. 73 established that the location of Gilson Bros. is in Plymouth, Wisconsin. Employer Exhibit No. 74 establishes that the Union and the Company engaged in concession bargaining, and the result of the newly negotiated contract after a three day strike by the Union resulted in a wage concession on the part of the Union of \$2.30 per hour. Employer Exhibit No. 76 establishes that prior to the \$2.30 per hour wage reduction negotiated, the rates of pay ranged from \$10.21 to \$12.69 at the Gilson Company. Furthermore, the evidence and exhibits establish that in return for the concessions, job security was assured when the Company closed its Lexington, Kentucky operations; agreed to negotiate over a profit sharing plan; and provided for increased worker input where a production employee will be designated to sit

on the regular weekly production planning meeting with plant management. Thus, there was a quid pro quo established for the concession. Most significantly, however, is the fact that in the face of the concession of bargaining which occurred at Gilson located in the City of Plymouth, the Plymouth School District for 1985-86 agreed to a package settlement with its teaching staff of 9.48%. Consequently, the undersigned concludes that the impact of the private sector within the community of Plymouth itself had no repercussions as it went to the bargaining process in that school district. Furthermore, the undersigned notes that the excesses which occurred in the private sector in terms of settlements during the high inflationary years, as argued by the Union, has some merit. The undersigned has calculated the annual income of employees employed by the Gilson Company prior to the concession bargaining. The wage rates annually, based on 2080 hours of work, calculated from a low of \$21,236 to a high of \$26,395. This compares to a starting salary under the final offer of the Association in the instant school district of \$15,910, and a maximum salary of \$29,221. Even after the concessions were made, the low paid annual salary at Gilson is \$16,452 and the highest paid rate would result in an annualized salary of \$21,611. The undersigned recognizes the disparity of days on the job in the private sector vis a vis a teacher's contract of 190 days. The teacher work commitment is approximately 80% of the time which is expended in the private sector at Gilson. Nonetheless, it strikes this Arbitrator that a beginning teacher warrants a pay rate which should be higher than the lowest pay rate within a manufacturing operation.

For all of the foregoing reasons, then, the undersigned concludes the interest and welfare of the public does not require a finding for the Employer, based on the evidence contained in this record.

SUMMARY AND CONCLUSIONS:

The undersigned has concluded the comparisons among the comparables favor the adoption of the Association offer, and that the cost of living criteria favors the adoption of the Employer offer. The undersigned has further concluded that the Employer argument that the interest and welfare of the public militates for the adoption of the Employer offer is unpersuasive; and that the comparison of total compensation among the comparables favors neither party's offer. It remains to be determined, then, which offer is preferred based on all of the criteria. Since

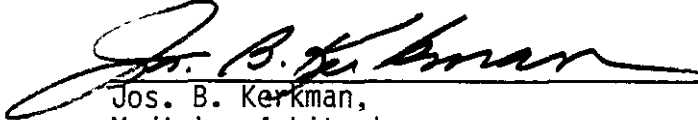
the comparables favor the Association offer; and because the cost of living data submitted by the Employer is a national statistic; and because the cost of living factor impacts all of the comparable districts to the same extent that it impacts the instant district; the undersigned concludes that the criteria of the comparables controls in this matter. It follows, therefrom, that the Association offer should be, and hereby is, adopted.

From all of the foregoing, the Arbitrator makes the following:

AWARD

The final offer of the Association, along with any stipulations which have heretofore been agreed to by the parties, as well as the terms of the predecessor Collective Bargaining Agreement which remained unchanged through the course of bargaining should be incorporated into the parties' written Collective Bargaining Agreement.

Dated at Fond du Lac, Wisconsin, this 8th day of July, 1986.

  
Jos. B. Kerkman,  
Mediator-Arbitrator