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BEFORE FREDERICK P. KESSLER

ARBITRATOR

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

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IN THE MATTER OF THE  
FINAL AND BINDING  
ARBITRATION BETWEEN

THE COLBY SCHOOL DISTRICT

and

THE COLBY EDUCATION ASSOCIATION

Case 7  
No. 35419  
MED/ARB-3412  
Decision No. 23055

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DECISION

A. HEARING

A hearing was held on the above entitled matter on Wednesday, February 5, 1985 at the Colby High School in the Village of Colby, Wisconsin.

Pursuant to a stipulation, testimony was not taken from any witnesses. Exhibits were received in evidence from both parties and a schedule to file briefs was set.

B. APPEARANCES

Mary Virginia Quarles, Executive Director Central Wisconsin UniServe Council-West appeared on behalf of the Colby Education Association. Present with her was Kay Weis, President and Chief Negotiator for the Association. Also present as Members of the Association's Bargaining Team were Sandy Fults, Francis Braitchwaite, and Greg Reiferson.

Present on behalf of the District were Roger E. Walsh, Attorney, Lindner and Marsack, S.C. Attorney for the District, Ed Haas, District Administrator and School Board Members Emil Luchterhand, George Kadonsky, Earl Boss, and Merlin Kilty.

C. NATURE OF THE PROCEEDINGS

This is a final and binding arbitration proceeding brought between the above parties under Section 111.70 (4)(cm) Wis. Stats., The Municipal Employment Relations Act.

On July 29, 1985 the Association filed a petition with the Wisconsin Employment Relations Commission initiating the Mediation/Arbitration procedures, under the terms of The Municipal Employment Relations Act. On September 17, and October 28, 1985 Lionel L. Crowley, a Staff member of the Wisconsin Employment Relations Commission conducted an investigation which concluded that the District and the Association were unable to resolve their contract dispute. Final offers were submitted by the parties.

On October 28, 1985 the Commission was advised on the deadlock. On November 12, 1985 this Arbitrator was advised by the Wisconsin Employment Relations Commission that he had been selected as the Mediator/Arbitrator in this dispute. A hearing was set for both a further mediation effort and for the presentation of evidence on February 5, 1986. Additional efforts were made to resolve the dispute at that time. When it appeared that further mediation would be fruitless, a hearing was convened and the parties, by stipulation, presented their evidence. All briefs were to be received by March 17, 1986. The parties, by mutual agreement, however, extended the date for the submission of the briefs to March 24, 1986 when copies were received. On April 4, 1986 a Reply Brief was received from the Colby

Education Association. On April 15, 1986, Mr. Walsh, the Attorney for the District, objected to the receipt of the Reply Brief indicating that on the date of the hearing no provisions had been made for the submission of Reply Briefs. On April 22, 1986, by letter, the Association withdrew its Reply Brief.

D. THE FINAL OFFERS

1. The District Final Offer reads as follows:

"The provisions of the 1984-85 contract are to be continued for a one year contract for 1985-86 school year (July 1, 1985 to June 30, 1986) except as modified by the agreed items dated 10/28/85 and the attached salary proposal."

	B.A.	+6	+12	+18	+24	+30
1.	15360	15539	15718	15897	16076	16255
2.	15959	16138	16317	16496	16675	16854
3.	16558	16737	16916	17095	17274	17453
4.	17157	17336	17515	17694	17873	18052
5.	17756	17935	18114	18293	18472	18651
6.	18355	18534	18713	18892	19071	19250
7.	18954	19133	19312	19491	19670	19849
8.	19553	19732	19911	20090	20269	20448
9.	20152	20331	20510	20689	20868	21047
10.	20751	20930	21109	21288	21467	21646
11.	21350	21529	21708	21887	22066	22245
12.	21949	22128	22307	22486	22665	22844
13.	22548	22727	22906	23085	23264	23443
14.	23147	23326	23505	23684	23863	24042
15.	23746	23925	24104	24283	24462	24641

	M.A.	+6	+12	+18	+24
1.	16475	16654	16822	17012	17191
2.	17118	17297	17476	17655	17834
3.	17761	17940	18119	18298	18477
4.	18404	18583	18762	18941	19120
5.	19047	19226	19405	19584	19763
6.	19690	19869	20048	20227	20406
7.	20333	20512	20691	20870	21049
8.	20976	21155	21334	21513	21692
9.	21619	21798	21977	22156	22335
10.	22262	22441	22620	22799	22978
11.	22905	23084	23263	23442	23621
12.	23548	23727	23906	24085	24264
13.	24191	24370	24549	24728	24907
14.	24834	25013	25192	25371	25550
15.	25477	25656	25835	26014	26193

2. The Colby Education Association Final Offer reads as follows:

"The final offer of the Colby Education Association consists of all items as in the 1984-85 contract except as modified by the stipulation of tentative agreements between the parties and the amendments proposed by the Association to be incorporated into the successor agreement."

Appendix A  
Salary Schedule

Step	3.9% Increment (\$612)					
	<u>B.A.</u>	<u>+6</u>	<u>+12</u>	<u>+18</u>	<u>+24</u>	<u>+30</u>
1.	15697	15880	16063	16246	16429	16612
2.	16309	16492	16675	16858	17041	17224
3.	16921	17104	17287	17470	17653	17836
4.	17533	17716	17899	18082	18265	18448
5.	18145	18328	18511	18694	18877	19060
6.	18757	18940	19123	19306	19489	19672
7.	19369	19552	19735	19918	20101	20284
8.	19981	20164	20347	20530	20713	20896
9.	20593	20776	20959	21142	21325	21508
10.	21205	21388	21571	21754	21937	22120
11.	21817	22000	22183	22366	22549	22732
12.	22429	22612	22795	22978	23161	23344
13.	23041	23224	23407	23509	23773	23956
14.	23653	23836	24019	24202	24385	24568
15.	24265	24448	24631	24814	24997	25180

Step	3.9% Increment (\$657)				
	<u>B.A.</u>	<u>+6</u>	<u>+12</u>	<u>+18</u>	<u>+24</u>
1.	16840	17023	17206	17389	17672
2.	17497	17680	17863	18046	18229
3.	18154	18337	18520	18703	18886
4.	18811	18994	19177	19360	19543
5.	19468	19651	19834	20017	20200
6.	20125	20308	20491	20674	20857
7.	20782	20965	21148	21331	21514
8.	21439	21622	21805	21988	22171
9.	22096	22279	22462	22645	22828
10.	22753	22936	23119	23302	23485
11.	23410	23593	23776	23959	24142
12.	24067	24250	24433	24616	24799
13.	24724	24907	25090	25273	25456
14.	25381	25564	25747	25930	26113
15.	26038	26221	26404	26587	26770

E. STIPULATIONS

The District and the Association entered into stipulations which are to be incorporated in the contract. They are found in Association Exhibit #3.

F. STATUTORY CRITERIA

Section 111.70 (4)(cm) Wis. Stats. provides an arbitrator must consider the following in a Mediation/Arbitration proceeding:

Section 111.70 (4)(cm) Factors Considered  
In making any decision under the mediation/arbitration procedure authorized by this subsection the mediator-arbitrator shall give weight to the following factors:

- a. The lawful authority of the municipal employer.
- b. The stipulations of the parties.
- c. Interest and welfare of the public and the financial ability of the unit of government to meet the costs of the proposed settlement.

- d. Comparison of wages, hours and conditions of employment of municipal employees involved in arbitration proceedings with wages, hours and conditions of employment of other employees performing similar services and with other employees generally in the public employment in the same community and comparable communities.
- e. The average consumer price for goods and services commonly known as the cost of living.
- f. The overall compensation presently received by municipal employees including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.
- g. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- h. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration or otherwise between the parties in the public service or in private.

#### G. ISSUES

There is only one issue in dispute between the District and the Association: whether the Association offer of a 7.5% salary schedule increase, or the District offer of a 5.2% increase should be granted. Both final offers utilize the same salary structure.

#### H. THE POSITION OF THE DISTRICT

The District first contends that its final offer is more in conformity with the increases in the Consumer Price Index that have resulted in a rise in the cost of living. The Consumer Price Index has increased approximately 3.5% from the end of 1984 to the end of 1985. A reasonable salary increase would be somewhere between 3% and 4%. They point out that the District's final offer is twice this percentage while the Association's final offer amount is 2-3/4 times this percentage. They contend that it is unnecessary, taking into consideration the agricultural economy, to increase the wages by more than the amount proposed by the District.

Second, the District offers evidence showing the depressed state of rural farm communities in Wisconsin and particularly the difficult economic situation in the Colby District. They argue that Colby not be considered a suburban community as it is located 50 miles from Eau Claire, the nearest large city to the west, and 30 miles from Wausau, the nearest large city to the east. It is almost entirely an agricultural based community.

Specific difficulties agriculture in the area is facing are numerous. The District points out that cattle and hog prices have declined between 2% and 10% between November, 1984 and November, 1985 and that the milk price supports have been cut by fifty cents per hundred weight. This cut has contributed to a substantial drop in milk prices paid the farmer. A large number of farmers in the District are dairy farmers. Farm commodity prices decreased in July, 1985 for the fifth straight month, continuing an overall downward trend in agricultural prices. This downward trend contributes to the decreased value of farm acreage which has declined 21.7% between October, 1984 and October, 1985.

Farm foreclosures have risen from 95 in the State of Wisconsin in 1984 to 210 so far in 1986. This fact has been recognized by the

Governor in his State of the State Address. Its impact on school districts was also noted by him in that address when he indicated that cost controls would be imposed on School Districts if they do not place a portion of their increased state aid for 1986-87 into effective property tax relief for their residents.

The District points to Arbitrators Byron Yaffe in New Holstein School District Decision Number 22898 (March 18, 1986) and Zel Rice in The Cadott Community School District Decision Number 23050 (March 1986) who have ruled for the Districts based on the welfare and interest of the public. They accepted the District's final offers on the grounds that the agricultural economy declined so substantially that it would be inappropriate to accept a Union final offer in the midst of this substantial agricultural depression. They found that there must be concern with the farmer taxpayer who must pay the bill for substantial teacher salary increases.

The District also argues that its final offer exceeds the private sector wage increases that have been granted in the surrounding area. They rely on Department of Industry, Labor and Human Relations statistics indicating that in the Eau Claire-Chippewa Falls area the average hourly earnings increased from \$9.92 per hour to \$9.98 per hour, an increase of less than 1% between September of 1984 and September of 1985. They indicate that in Wausau the increase went from \$8.97 to \$9.26, a 3.2% increase during that same period. These increases are substantially less than the District is offering its teachers.

The District also argues that its offer is more compelling than the Association's offer when it is viewed with comparable schools. The District contends that the Arbitrator should rely on the Cloverbelt Athletic Conference to determine the comparable Districts required by the statute. They point out that the Auburndale, Altoona, Fall Creek, Osseo-Fairchild and Cadott School Districts have all resolved their labor agreements for 1984-85. The average increase in salary was \$1,628 per returning teacher or 7.6%. They contend that the Colby School District's final offer of \$1,515 per teacher or 7.24% was closer to the comparables than the figure the Association has proposed of \$2,001 or 9.6%.

The District also points out that in other Districts in geographical proximity, such as the Edgar District, there was an average teacher salary increase of \$1,440 or 7.2%. The District urges the Arbitrator to disregard statewide average figures offered by the Association because statewide figures also include the large urban school districts which have little in common with small rural districts such as Colby.

The District argues that Colby is not in a "catch-up" situation which would require substantial increases to reach a parity with comparable schools. Colby, in its final offer, has improved or maintained its relative position in the commonly recognized benchmark levels. The fringe benefits, proposed or in place, are equal to or greater than those offered by the comparable districts. The wages proposed by the District makes Colby competitive. Colby concedes its salaries are exceeded by the Mosinee and Altoona Districts but point out that those two School Districts are the only urban or non-farm community schools in the Cloverbelt Conference.

The District condemns what they contend is in the Wisconsin Education Association's negotiating position in all districts which mandates a demand of a \$2,000 or more increase, and a refusal to accept less than \$2,000 increase. The District views the "take it or leave it" offer with which they are faced as inappropriate. They point out that there were only four settlements in the Cloverbelt Conference as of February, 1986 and claim the Union, and its bargaining techniques, are responsible for this situation. This type of bargaining should not be condoned by the Arbitrator by rejecting the Unions final offer.

#### I. THE ASSOCIATION POSITION

The Association also urges that the Cloverbelt Athletic Conference, with one exception, be used as the appropriate comparability grouping.

They urge that the Auburndale School District should not be included because the settlement in Auburndale differs so markedly from other settlements in the Conference that no weight should be given to it. They point out that Arbitrator John J. Flagler in Prairie Farm School District MED/ARB-1884 followed that reasoning involving a proposed comparable district and also show that such reasoning was recognized by Zel Rice in Plum City School District.

The Association also urges that the Osseo-Fairchild School District should not be considered as a comparable District because it was not a member of the Cloverbelt Conference for the 1985-86 school year and will first enter the Conference during the 1986-87 school year. Therefore it does not fall into the grouping normally used by Arbitrators to determine comparable compensation. They also urge that the Abbotsford and Edgar School Districts, which are contiguous to Colby and proposed by the District, should not be considered by the Arbitrator because they are not within the Cloverbelt Conference. The comparable Districts that should be used, according to the Association, are Altoona, Fall Creek and Owen-Withee.

Within those three Districts, the average settlement for B.A. minimum salary resulted in a \$1,171 increase or 7.85%. They conclude that the Association's increase of \$1,095 (7.5%) is more in line with that figure than the District's proposal. In the B.A. 7 classification, the average settlement provides for a salary of \$19,527, an increase of \$1,409 or 7.85%. They argue that the Association's B.A. 7 salary proposal of \$19,369, with its increase of \$1,353 or 7.5% is closer than the District's proposed increase. For the B.A. maximum classification, the comparable schools salary would be \$22,685, an increase of \$1,633 or 7.85%. They contend that the Association's proposed B.A. maximum classification salary of \$24,262 is higher than the District's proposed figure of \$23,925, and therefore that the Association's proposal is more comparable.

In the M.A. minimum classification salary, the average increase was \$1,235 or 7.82%. The Association's proposal provides for an increase of \$1,176 or 7.5% which is closer than the District's offer. In M.A. 10 classification, the increase in the comparable Districts provides for a salary of \$23,463, an increase of \$1,688 or 7.85%. They show the Association's wage rate at that level as \$22,753, an increase of \$1,590 or 7.5%. Regarding the M.A. maximum, they contend that the comparable schools indicate that the Association's increase, both as a percentage and as total dollar amount, is the more appropriate offer. Their offer, in their view, provides the most valid comparables on the traditional benchmark ratings. They urge that these benchmarks be used.

The Association also cites 1985-86 State averages for the benchmarks to support the comparability of its final offer. They contend that the settlement pattern in other schools in the State is far more appropriate for measuring the impact of cost of living.

The Association argues against using the Consumer Price Index information submitted by the District. They contend that in School District Mediation/Arbitration proceedings, Arbitrators have consistently held that the best indicator of cost of living increase is the wage rate increase actually granted in comparable districts.

In the Association's view, the public is best served by the District's ability to attract and retain teachers. Currently a large number of teachers are likely to leave the profession because of low salaries and poor working conditions. They note the District's failure to argue inability to pay the wages the Association is asking. The Association claims it would be inappropriate to treat Colby differently than other predominantly rural agricultural districts in Wisconsin, absent compelling evidence of unique adverse economic impact in Colby. The Association does not see evidence that permits different treatment.

Finally, the Association says that the Colby School District has budgeted only 96.1% of the State average revenue per pupil to elementary and secondary education. Teacher salaries are only 85.1% of the State average in the District. They argue that their proposals is not even seeking to move salaries close to 96.1% of the State average.

J. THE DETERMINATION OF COMPARABLES

Each of the parties in this dispute has its own perception as to what are the appropriate comparable school districts. The District seeks inclusion of the Osseo-Fairchild School District, which has not been part of the Cloverbelt Athletic Conference in prior years, but which will be affiliating with the Conference in 1986-87, and the Cadott Community School District, whose salary schedule was determined as a result of an arbitration award. The Association seeks inclusion of the Owen-Withee School District, whose salary schedule had not been resolved at the time of the hearing in Colby, and seeks to exclude the Auburndale District because they contend it is so out of line with the other comparable districts within the Conference.

The Cloverbelt Athletic Conference is the most appropriate source for comparable school districts. It, however, is not a totally satisfactory source against which to measure these offers for two reasons. First, only three of the Conference's fourteen school systems have settled their contracts. Second, those settled districts may not be typical of the Conference as a whole, or the community of Colby.

The Cloverbelt Conference consists of Altoona, Auburndale, Colby, Cornell Cadott, Fall Creek, Gilman, Greenwood, Loyal, Mosinee, Neillville, Owen-Withee, Stanley, and Thorp. Those communities, with the exception of Mosinee and Altoona, are primarily rural agricultural districts. Altoona is an Eau Claire suburb. Mosinee is a paper mill community.

The Association's challenge to Auburndale's inclusion in the list will be rejected. The community appears to be similar to Colby. The fact that it is lower than the other settlements does not invalidate its consideration.

Similarly the Osseo-Fairchild District will be used as a comparable. Demographically it is almost identical with Colby. It is joining the Cloverbelt Conference next year. Since the number of Conference settlements are small, its inclusion will help make the averages used more realistic.

Both the Altoona and Fall Creek Districts are in the Eau Claire area. Fall Creek, though it is only 10 miles away from Eau Claire, is more rural in its character than Altoona. It is the more typical of the two of the Cloverbelt Conference.

The most troublesome of the Districts under consideration is Altoona. It is not rural agricultural, but is instead a suburban community. It has consistently ranked first in most of the recognized benchmarks in salaries in all categories in the Conference.

With only three schools settled in the Conference, this Arbitrator must be careful that the average in total compensation is not skewed because of the presence of a district that is too high or too low. Looking at the rankings for 1983-84 and 1984-85 for those three settled districts shows as follows:

Cloverland Athletic Conference - 14 Schools

	<u>Altoona</u>		<u>Auburndale</u>		<u>Fall Creek</u>	
	<u>83-84</u>	<u>84-85</u>	<u>83-84</u>	<u>84-85</u>	<u>83-84</u>	<u>84-85</u>
BA Min.	1	1	5	5	2	2
BA 7	1	1	2	2	3	3
BA Max.	1	1	7	7	10	10
MA Min.	2	3	3	4	5	6
MA 10	1	1	3	4	4	5
MA Max.	2	2	13	12	12	13
Sch. Max.	<u>1</u>	<u>1</u>	<u>11</u>	<u>13</u>	<u>12</u>	<u>9</u>
Ave.	1.29	1.43	6.29	6.71	6.85	6.85

It is clear that Altoona has consistently led the Conference in almost all categories. The other two schools are in the higher middle range in rank for both years. To include Altoona in this sample at this time can only inappropriately raise the average. Therefore it will not be included.

The Cadott District salary schedule will not be included as a comparable because there was not a voluntary settlement in that District. A decision by another arbitrator setting the salary schedule is interesting in determining amounts but it is not compelling.

The Owen-Withee District also will not be considered. This District reached its settlement long after the Colby hearing. In this Arbitrator's opinion, it would be an error to consider such a settlement when the parties did not have the same opportunity to argue any inferences raised by the agreement. The final offers in Abbotsford will not be considered despite the District's proximity to Colby. Offers, without a settlement, are not particularly helpful for determining a resolution.

The Edgar District is in a different athletic conference. It has a settled contract. The district abuts Colby. It will be included because of the limited number of other voluntary settlements, and similar demographic character to the Colby District.

If Edgar and Osseo-Fairchild had been in the Cloverbelt Athletic Conference during school year 1984-85, they would have been in the top-half ranking in the benchmark salaries. Their rankings would be as follows:

	<u>1984-85</u> <u>Edgar</u>	<u>1984-85</u> <u>Osseo-Fairchild</u>
BA Min.	4	1
BA 7	2	1
BA Max.	1	14
MA Min.	11	6
MA 10	7	2
MA Max.	4	4
Sch. Max.	<u>10</u>	<u>5</u>
Ave.	5.57	4.71

Their inclusion in the list of comparable schools does not unfairly distort that list.

#### K. DISCUSSION

Appropriate wages is the only issue in dispute in this Mediation/ Arbitration proceeding. Neither side is making an effort to alter the salary structure. No other issues are found in the final offers of the parties. Therefore, comparison of the final offers with the salaries set in the comparable Districts must be made.

It should be noted that Fall Creek settled at a high salary level. The average teacher there earns \$23,398. Each teacher is required to pay 1% of the 6% State Retirement System contribution. That contribution costs the teacher \$234 per year. In the other districts the Board is paying the entire amount.

The average salary paid per teacher in each district (including both variations in Fall Creek) and the average salary in the final offers in Colby are as follows:



<u>District</u>	<u>Average Salary</u>	<u>Average Minus Employee Retirement Contribution</u>
Auburndale	22,639	22,639
Edgar	21,526	21,526
Fall Creek	23,398	(23,164)
Osseo-Fairchild	<u>22,286</u>	<u>22,286</u>
Average	<u>22,462</u>	<u>22,404</u>
Colby District Offer	22,435	
Colby Association Offer	22,921	

It is apparent that the final offer of the District is closer to the average teacher salary in the settled Districts in the comparable districts.

When the final offers of the parties are compared with the other Districts, and with the average, the District's final offer is more closely in adherence with the comparable districts in more of the benchmark levels. That comparison shows the following:

<u>District</u>	<u>Benchmarks</u>						
	<u>BA Min</u>	<u>BA 7</u>	<u>BA Max</u>	<u>MA Min</u>	<u>MA 10</u>	<u>MA Max</u>	<u>Sch Max</u>
Auburndale	15075	19070	22085	16583	22537	27060	28658
Edgar	15325	19525	24525	16225	22225	25425	25860
Fall Creek	15822	19620	22151	17088	23239	25290	26685
Osseo-Fairchild	<u>15809</u>	<u>20235</u>	<u>20235</u>	<u>16809</u>	<u>23532</u>	<u>26222</u>	<u>27374</u>
Average	<u>15508</u>	<u>19613</u>	<u>22249</u>	<u>16676</u>	<u>22883</u>	<u>25999</u>	<u>27144</u>
Colby District	15360	18954	23746	16475	22262	25477	26193
Colby Association	15697	19369	24265	16840	22753	26038	26770

In six categories, the District's final offer is below the average of the settlements. The Association's final offer is below the average in three of the benchmarks. When using the benchmark standard, the offers are very close. The Association's final offer is slightly closer to the average than the District's overall.

The District's offer is the more reasonable when comparing the settlement pattern in percentage with the other Districts. That shows the following pattern:

	<u>Increase 1985-86</u>	
	<u>Dollars</u>	<u>Percent</u>
Auburndale	1391	6.5 %
Edgar	1464	7.2%
Fall Creek	1934	9.0 %
Osseo-Fairchild	<u>1356</u>	<u>6.1 %</u>
Average	<u>1536</u>	<u>7.2 %</u>
Colby District	1515	7.24%
Colby Association	2001	9.6 %

The difficult economic circumstances of some rural communities must also be considered. Colby is a farm dominated district. It is beyond the geographic reach of urban and suburban economic influences. It is unlikely that many persons in Colby are employed in either Eau Claire or Wausau because of the substantial distances such persons would have to commute. In an agricultural community it has been significantly effected by the decline in the farm economy. Consideration of the public interest

demands that such economic circumstances be weighed. It was considered by Arbitrator Zel Rice in The Cadott School District Decision. It is equally applicable in Colby. The increase in farm foreclosures, and the decline of farm commodity prices, all argue for acceptance of the least costly offer; in this case, that would be the District's offer. The substantial decline in the value of farm real estate indicates that an increase in the tax rates must be adopted by the Board and other taxing authorities in and around Colby merely to stay at the current revenue level.

Auburndale, Edgar, Fall Creek and Osseo-Fairchild are also communities serving a surrounding agricultural area. It appears that these districts are facing the same problems as Colby. The settlement pattern that they have made clearly recognized the problems of an agricultural recession.

After considering all the factors, the District's final offer is the more reasonable and appropriate.

L. AWARD

The 1985-86 agreement between the Colby School District and the Colby Education Association shall include the final offer of the District as set forth and explained herein.

Dated this 30 day of May, 1986.



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Frederick P. Kessler  
Mediator/Arbitrator