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STATE OF WISCONSIN
BEFORE THE MEDIATOR-ARBITRATOR

MAY 02 1986

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of Arbitration between

WITTENBERG-BIRNAMWOOD
EDUCATION ASSOCIATION

and

WITTENBERG-BIRNAMWOOD
SCHOOL DISTRICT

Case 10
No. 35705 MED/ARB-3510
Decision No. 23130-A

Arbitrator:
Gordon Haferbecker

APPEARANCES:

Mr. Thomas J. Coffey, Executive Director, Central Wisconsin UniServ Council, on behalf of the Association/Union.

Mr. William Bracken, Membership Consultant, Wisconsin Association of School Boards, on behalf of the District/Board/Employer.

BACKGROUND

This dispute concerns a wage reopener for the second year of the collective bargaining contract between the parties which expires August 15, 1986.

The parties exchanged their initial proposals on April 15, 1985 and met thereafter on two occasions in an effort to reach an accord. On September 23, 1985, the Association filed a petition with the WERC requesting Mediation-Arbitration pursuant to the Statutes. On December 3, 1985, Stephen Schoenfeld, a member of the Commission staff, conducted an investigation which revealed that the parties were deadlocked in their negotiations. On December 3, 1986, the parties submitted their final offers and Investigator Schoenfeld notified the Commission that the parties remained at impasse. On December 16, 1985, the Commission submitted a panel of arbitrators to the parties. Gordon Haferbecker of Stevens Point was selected Mediator-Arbitrator by the parties. The Mediator-Arbitrator was notified of his selection on December 26, 1985.

A mediation session was held on March 6, 1986. The mediation was not successful and the parties proceeded to arbitration that same date. Exhibits were presented and testimony was heard. It was agreed that briefs would be submitted to the Arbitrator on April 18, 1986 and that the cut-off date for additional exhibits would be April 11, 1986. The District submitted uncontested additional information concerning a Conference school settlement (Shawano) and arbitration awards for two Conference schools (Bowler and Port Edwards) as post-hearing exhibits. Briefs were received as scheduled on April 19, 1986 and the record was closed at that time.

ISSUE

The sole disputed issue is the 1985-86 salary schedule. The District is proposing a salary schedule beginning at \$15,400 at the B.A. lane. The Association is proposing a B.A. starting salary of \$15,625. Both parties agree the current structure of the salary schedule should remain unchanged.

SUMMARY OF PARTIES' POSITIONS

The parties, at the arbitration hearing and subsequent to it, provided considerable evidence for the Arbitrator to consider. The Association submitted 100 exhibits and the District presented 220 exhibits. Each presented arguments for their case in the form of briefs submitted after the

hearing. In the briefs, both parties stressed the importance of the selection of appropriate comparables from which an analysis of each offer could be made. While the Association placed more emphasis on a "bench mark" comparison with its comparables, the District emphasized total package dollar and percentage increase comparisons. It is not practical for the Arbitrator to review in detail all of the data and arguments presented by the parties, but I will attempt to include the most salient material.

Association's Position.

The Association argues that Wittenberg-Birnamwood School District does not fit a standard mold when considering comparability. The use of the Central Wisconsin Athletic Conference as the comparables is only valid if the schools are not too dissimilar in size and from the same location. Thirteen of the seventeen Conference schools have less than 55 teacher--substantially smaller than Wittenberg's 85 teachers. Also, Wittenberg is in the general orbit of the Wisconsin River Valley area and at the the northwestern edge of the Conference. Therefore, a more balanced approach would be to use more medium-sized schools and schools of more geographic proximity. Arbitrators in the past have accepted this position and have used schools other than the athletic conference when selecting comparables. The Association proposes mainly two pools from which comparables should be chosen: 1) contiguous (e.g. Antigo, Mosinee) and similar size districts (e.g. Nekoosa, Clintonville, Tomahawk), and 2) statewide settled schools of similar size (75-95 Full Time Equivalent (FTE) teachers).

The Association believes that Almond and Iola-Scandinavia districts should be excluded from any comparisons because they have no traditional salary schedules. Arbitral practice supports this position as established in many arbitration cases which are cited.

It is the Association's position that bench mark comparisons should carry primary weight in this case over an analysis of total package costs and/or dollar increase comparisons. The use of bench marks is common practice in arbitration cases, and arbitrators are quoted in support of bench mark analysis. Using this method, the Association compares its offer to the Districts proposal based upon: 1) 3 settled northern schools; 2) 5 settled contiguous and similar size schools; 3) 17 settled statewide schools with 75-95 FTE; and 4) 5 settled schools in analogous configuration to group chosen in Mosinee Arbitration. All these comparisons support without question the Association's wage offer.

The District has presented no evidence of inability to pay the Union's offer. Also, the Board has provided no evidence that the farm problem it cites is any different in this district as compared with other districts in the state. Further, the cost of living, as determined by the CPI, should not be determinative in this case because the voluntary settlement pattern, which is advocated by other arbitrators, is the best indicator of the true cost of living. Thus, the Association's offer only attempts to maintain previously established wage relationships with comparable schools and to prevent further deterioration of wage relationships with other college trained employees. The Association's offer gives a proper balance to the public interest and provides competitive wage rate increases, and should be chosen by the Arbitrator.

District's Position.

The District believes the comparables proposed by the Association to be inferior to the Athletic Conference. The District is prepared to "live or die" by the Athletic Conference. The stability of future collective bargaining between the Association and the District will be destroyed if other comparables are used in these wage comparisons. The Association failed to show how its other choices for comparables are relevant, and it failed in its burden of proof to expand the comparables beyond the Athletic Conference. Besides the fact that arbitrators tend to rely on athletic conferences for comparisons, the schools proposed by the Association compete in different labor markets than does Wittenberg. With nine out of the seventeen Conference schools settled and two resolved through

arbitration, there are enough settlements within the Conference for the Arbitrator to make an informed decision.

The District argues that the bench mark approach to wage comparisons is no longer dependable because of non-traditional schedules in which districts have deleted steps, frozen staff placements, rolled staff backwards, etc. The best comparisons is total package dollars and percent increases. Even so, when using the Athletic Conference schools, the comparability data support the District's offer on average and median salary bench marks. The District's offer also best matches the dollar and percent increase on the bench marks for both per teacher package and per teacher salary only categories. In addition, it is important to note that most Wisconsin and national private sector pay hikes in 1985 and 1986 are averaging about 6%. With the Association's calculations of averages flawed and meaningless, and their lack of costing data leaving only the Board's calculations, it is clear that the District's final offer best matches the settlement trend in the public and private sector for other school district employees and those employees elsewhere.

Given the current disinflationary environment and the current economic turmoil faced by the farmers in the district, the District maintains an Arbitrator should not award a 9.1% salary only increase as the Association proposes. The farmers in the district are having grave problems and tax payers have spoken loudly and clearly that they do not wish to see their taxes increase. An offer of 7.5% increase by the District in an economy with an inflation rate of 3.8% over the relevant time period, clearly strikes a responsible and fair balance between the public interest and the needs of the District's employees. The Employer, in this most difficult round of bargaining, has attempted to construct a final offer which satisfies both concerns. The Arbitrator should choose the District's offer as more reasonable.

DISCUSSION

Which Comparables?

Both parties devoted a substantial part of their exhibits and briefs to the question of which school districts are appropriate for comparison with Wittenberg-Birnamwood. Of particular concern was whether the Central Wisconsin Athletic Conference was the appropriate group of comparables.

In teacher arbitration cases, arbitrators and the parties have often used the area athletic conference as the basis for comparing salary and other contract issues. This is because the districts in an athletic conference usually are not too different in enrollments, size of faculty, and size of community. They are often in a fairly similar labor market with similar economic conditions. Conference districts are usually within the same geographic area. In some cases, though, arbitrators have not found the athletic conference to provide the best set of comparables.

In this case the Athletic Conference does not provide an ideal set of comparables. A major problem is that the Athletic Conference extends over a considerable distance, from Gresham on the east to Port Edwards on the west. And further, there is a considerable range in FTE, from Wittenberg-Birnamwood with 85 FTE to Tigerton with 28 FTE. And a further complication is that the Conference is divided into two groups of larger and smaller schools.

But another important problem with the Conference is what to do with Shawano-Gresham. Both parties include Shawano-Gresham in their lists of comparables. It is included because Gresham is in the Athletic Conference. Shawano, because of its larger size, is not in the Athletic Conference. However, Shawano-Gresham is one school district with one salary schedule. Shawano-Gresham with 136 FTE would be the largest district in the Conference, nearly twice as large as Wittenberg-Birnamwood. While both parties include Shawano-Gresham, the Board's position on its inclusion is not entirely clear. Shawano-Gresham is not included in the Board's map of comparables (B-3) nor in the rankings (B-4 and B-23). Yet the Board does seem to include it as a comparable in its brief (pp. 26 and 30) and it submitted the Shawano settlement as an exhibit after the hearing.

In any event, the Arbitrator feels that Shawano-Gresham is an appropriate comparable. While it is larger in population and FTE than other Conference schools, it is rural in character. Its inclusion in the Conference comparables would not leave Wittenberg-Biramwood the largest district in the Conference. The Union would be able to compare with at least one larger school. It might be expected, however, that because of the size differential, Shawano would likely be a leader in the Conference on salary.

The Association rejects the Athletic Conference as an appropriate comparable because Wittenberg is the largest school in the Conference and is considerably larger than most of the other schools. It uses as primary comparables school districts that are contiguous (like Antigo), or that have similar FTE's (like Tomahawk), but are not necessarily in the Athletic Conference. The Union contends that these are more appropriate.

The Arbitrator has prepared the two charts (below and on the following page) showing some facts about the districts used by the parties in the comparables.

It is apparent that the Athletic Conference comparables have a lot in common. While there is a considerable range in FTE, the districts are primarily rural in character--they are not industrial communities. Only Port Edwards is a significant exception, primarily urban and a paper mill community.

The Union argues that Port Edwards, Iola-Scandinavia, and Almond-Bancroft are not appropriate comparables because they do not have traditional salary schedules. The Arbitrator finds himself in agreement with Arbitrator Stern in his recent Bowler decision (B-221) in which he states:

The Arbitrator agrees with the Association that these schools [referring to Iola-Scandinavia and Almond-Bancroft] should be excluded because of the absence of normal schedules.... The Board has done a yeoman job in securing the individual salaries of teachers in those districts and estimating bench marks based on existing personal salaries. The Arbitrator does not find, however, that these are bench marks as the term is understood generally.

Chart 1

1984 POPULATION OF DISTRICTS' MAJOR COMMUNITIES¹

| <u>District</u> | | <u>Joint</u> | | <u>Association</u> | |
|-----------------|-------|------------------|-------|--------------------|-------|
| Almond | 523 | Wittenberg- | 1,049 | Antigo | 8,890 |
| Bonduel | 1,231 | <u>Biramwood</u> | 702 | Clintonville | 4,633 |
| Iola- | 1,050 | Bowler | 311 | Schofield- | 2,333 |
| Scandinavia | 331 | Rosholt | 545 | Rothschild | 3,345 |
| Manawa | 1,340 | Shawano- | 7,388 | Mosinee | 3,158 |
| Marion | 1,340 | Gresham | 541 | Nekoosa | 2,676 |
| Port Edwards | 2,047 | Tigerton | 877 | Tomahawk | 3,487 |
| Shiocton | 899 | | | | |
| Amherst | 758 | | | | |
| Plainfield | 902 | | | | |
| Weyauwega- | 1,630 | | | | |
| Fremont | 497 | | | | |
| Wild Rose | 788 | | | | |

¹Populations estimated by the the Wisconsin Department of Administration. Source: "Towns, Village, and City Taxes - 1984: Taxes levied 1984 - Collected 1985," Wisconsin Department of Revenue.

Chart 2

COMPARISON OF DISTRICT AND ASSOCIATION COMPARABLES

| <u>Comparable Name</u> | <u>1980 Dist. Pop.</u> ² | <u>% Rural</u> ³ | <u>School Enrollment</u> ⁴ | <u>FTE</u> ⁴ | <u>Conti- guous</u> | <u>Athl. Conf.</u> |
|---|---|-----------------------------|---|-------------------------|-------------------------|------------------------|
| Wittenberg- Birnamwood | 6,697 | 80.9 | 1,460 | 85.5 | - | - |
| <u>District Only Comparables</u> | | | | | | |
| *Almond-Bancroft | 1,953 | 89.4 | 483 | 29.1 | no | yes |
| *Bonduel | 5,307 | 77.9 | 837 | 48.6 | no | yes |
| *Iola-Scandinavia | 3,622 | 73.4 | 676 | 43.0 | no | yes |
| *Manawa | 4,194 | 76.0 | 864 | 54.0 | no | yes |
| *Marion | 3,732 | 76.5 | 843 | 50.5 | no | yes |
| *Menominee | 3,373 | 100.0 | 932 | 67.0 | no | yes |
| *Port Edwards | 2,838 | 28.3 | 485 | 38.5 | no | yes |
| Shiocton | 3,917 | 84.9 | 812 | 50.7 | no | yes |
| Tomorrow River | 4,183 | 81.0 | 832 | 50.5 | no | yes |
| *Tri-County | 4,239 | 88.2 | 765 | 55.2 | no | yes |
| Weyauwega-Fremont | 7,375 | 73.0 | 921 | 54.6 | no | yes |
| *Wild Rose | 3,886 | 90.6 | 716 | 45.0 | no | yes |
| <u>Joint Comparables</u> | | | | | | |
| *Bowler | 2,268 | 93.1 | 516 | 33.4 | yes | yes |
| Rosholt | 3,842 | 91.2 | 636 | 36.0 | yes | yes |
| *Shawano-Gresham | 15,723 | 62.8 | 2,334 | 136.2 | no | y/n |
| Tigerton | 2,306 | 77.5 | 415 | 28.3 | yes | yes |
| <u>Association Only Comparables</u> | | | | | | |
| Antigo | 18,002 | 61.8 | 3,087 | 196.6 | yes | no |
| Clintonville | 9,511 | 58.1 | 1,451 | 93.1 | no | no |
| D.C. Everest | 22,890 | 68.1 | 4,568 | 264.5 | yes | no |
| Mosinee | 9,560 | 68.1 | 1,871 | 102.6 | yes | no |
| Nekoosa | 7,485 | 71.6 | 1,424 | 80.2 | no | no |
| Tomahawk | 9,532 | 76.9 | 1,502 | 87.5 | no | no |
| Wittenberg- Birnamwood | 6,697 | 80.9 | 1,460 | 85.5 | - | - |
| * Athletic Conference schools settled for 1985-86 | | | | | | |

²U.S. Census Bureau, 1980 Census. "Summary Tape File 1F," per Robert Naylor, Wisconsin Division of State Energy, Demographic Services, Madison, Wisconsin.

³From "Towns, Village, and City Taxes - 1984: Taxes levied 1984 - Collected 1985," Wisconsin Department of Revenue. Rural percentage determined by adding all of the value within the school district pertaining to towns and excluding all cities and villages.

⁴From Wisconsin Department of Public Instruction, "Basic Facts About Wisconsin's Elementary and Secondary Schools," 1984-1985, Bulletin #5320.

The Association comparable districts are considerably larger than Wittenberg-Birnamwood and several of them are not agricultural communities but are paper mill towns--Mosinee, Tomahawk, and Nekoosa are industrial, not agricultural communities. The paper industry is a unionized, high wage industry. Unlike other Wisconsin manufacturing industries, it has not been injured by foreign competition and wages and employment has remained relatively stable. The Arbitrator rejects such communities as comparables to Wittenberg-Birnamwood. Another disadvantage of the Association's primary comparables is that there are so few settlements for 1985-86.

Chart 1 clearly shows that the populations of the major communities in the districts differ greatly when the District's comparables are compared to the Association's. Wittenberg-Birnamwood with populations of 1,049 and 702 respectively, have much more in common with communities like Amherst (758), Rosholt (545), Iola-Scandinavia (1,050-331), etc. than with communities like Tomahawk (3,487), Antigo (8,890), Nekoosa (2,676), and Mosinee (3,158). Basically the cities and villages in the Athletic Conference, with exception of Port Edwards, are between 1,000 and 1,500 or less, and the Association's set of districts have cities ranging from about 2,500 to 9,000. The size difference in these communities, added to the fact that the District's comparables are rural in character and less industrial, makes the District's comparables more reasonable.

The Arbitrator accepts the District's position that the Athletic Conference in this case does represent the best set of comparables. I would recommend its use in future negotiations with the parties--but it would be appropriate to eliminate Port Edwards because of its urban character, its distance, and because it is a paper mill community; and Iola-Scandinavia and Almond-Bancroft, because of their non-traditional schedules, should be excluded from bench mark comparisons.

In this case also, at this time, there is an advantage in using the Athletic Conference because 11 of the 17 schools have settled contracts for 1985-86. It is not necessary, therefore, to go beyond the Athletic Conference to statewide comparisons of similar size schools as the Association proposes. The Arbitrator considers the Conference comparisons to be more valid.

Bench Mark Comparison.

The Arbitrator agrees with the Union and many other arbitrators that salary bench mark comparisons are useful in evaluating salary proposals. I have revised a chart the District provided in its brief (p. 42) which it prepared from their data (B-23 and B-25). The Board included all eleven settled Conference schools--this revised chart includes only the eight settled Conference schools (Bonduel, Marion, Manawa, Tri-County, Menominee, Wild Rose, Bowler, and Shawano-Gresham) while excluding the three eliminated districts (Port Edwards, Iola-Scandinavia, and Almond-Bancroft).

Chart 3

ARBITRATOR'S CHART
ON SALARY BENCH MARK COMPARISONS
(RANK OF WITTENBERG-BIRNAMWOOD - 8 SETTLED SCHOOLS)

| | BA | BA-6 | BA Max | MA | MA-9 | MA Max | Sched. Max |
|------------------|----|------|--------|----|------|--------|------------|
| 1984-85 | 3 | 2 | 3 | 3 | 1 | 3 | 3 |
| 1985-86 Board | 3 | 2 | 3 | 4 | 2 | 4 | 3 |
| Union | 2 | 2 | 3 | 3 | 1 | 3 | 3 |

The above chart shows that the District's offer would result in Wittenberg-Birnamwood losing rank in 3 of the seven bench mark positions.

The Association's proposal would maintain the district's rank in 6 of the 7 positions and would improve it in one. On the basis of bench mark comparisons, the Union proposal is more reasonable. It should be noted, however, that the change is not great and Wittenberg-Birnamwood retains a relatively high rank among the settled schools for 1985-86. In most cases, the schools ranking higher are Shawano and Bonduel. Shawano could be expected to be the conference leader because of its much larger size.

Other Salary Increase Comparisons.

The Board provided data, not challenged by the Union, that indicate how the Association and District offers differ as to dollar and percentage increases. The increase per returning teacher would be \$1962 under the Union's offer and \$1624 under the Board's offer. The total salary and benefit package would be \$2750 per teacher under the Association's proposal and \$2164 under the Board's offer. The District estimates its total salary only increase at 7.4% compared to the Union's 9.1%.

The Association estimates that its proposal amounts to a 7.2% per cell increase compared to the Board's 5.7%. The Arbitrator notes that the returning teacher would get more than the cell increase because of the increment added for experience.

The Association's proposal of a salary increase of 9.1% seems high when compared with private sector settlements and changes in the cost of living as will be discussed later.

The Board collected salary increase data from the Conference schools and summarized its findings in its brief (p. 50). It should be noted that the Association and some arbitrators question the reliability of such data for reasons discussed by the Union in their brief. This Arbitrator puts more weight on bench mark comparisons but believes that salary increase comparisons may be of some value.

In its brief (p. 50) the District shows that salary increases only in the settled Conference schools have averaged 8%. The Board's offer is 7.4% or .6% below the average. The Union's offer is 9.1% or 1.1% above the average. Thus, while the Board's salary offer is low compared to the conference average, the Association's proposal is high by a greater proportion. The Arbitrator believes this has significance in the salary comparisons and offsets, to some extent, the Union's stronger showing in the bench mark comparison.

We have been dealing primarily with the statutory standard concerning "employees performing similar services in comparable communities." Since teachers represent a unique professional group, many teacher arbitrations have emphasized such comparisons in determining which offer is more reasonable. The Arbitrator will next review the other pertinent statutory standards.

Cost of Living.

As the District points out, both the District and the Association proposals exceed the increase in the CPI in the year preceding this contract period. The Association's offer is more in excess of the inflation rate than that of the District. The Union contends that actual contract settlements are an appropriate measure of how the parties have considered the significance of the inflation factor. The Arbitrator would also note that one reason why salary increases for teachers have exceeded the inflation rate in recent years is the public recognition that teacher salaries need to be increased, particularly in relation to other professional salaries, in order to attract and hold high quality persons in the teaching profession.

On this criteria the Arbitrator finds the District's position to be a little more reasonable than the position of the Association. With inflation rate down in the last few years, and apparently heading lower for 1986, it is difficult for the public to accept a teacher salary increase of 9.1% as proposed by the Union in comparison to the CPI increase of 3.8% in the period just before this contract year. The Board's salary offer of

7.5% does give the teachers an increase in real income and does improve the economic status of the teachers in the district.

Private Employment Salary Increases.

The statutes also call for comparisons with private employment wages and working conditions. Here the District has shown (brief, pp. 53-54) that for the most part the workers in Wisconsin and the nation have experienced about a 6% pay hike in 1985 and 1986. There is no doubt that earnings in agriculture and the private sector generally have been advancing at a much slower rate than teacher salaries. The District's offer does improve the economic status of the teachers more than do the private sector wage increases that have been occurring in Wisconsin and nationally. Again, because of the need to bring teacher salaries up to a more professional level, increases such as those proposed by the District and the Association have some justification, but in view of the current economic situation, particularly in Wisconsin, the increases may not need to be as large as those proposed by the Union.

Interest and Welfare of the Public.

As the District points out, the Board has to balance the need for professional teacher salaries that attract and hold high quality persons against the ability and willingness of the district and State taxpayers to finance such increases. There is certainly citizen pressure at both State and local levels to moderate salary increases and resultant tax increases. In a district that is heavily agricultural, it is particularly difficult. With many farmers struggling just to survive, it is hard to justify the 9.1% salary increase proposed by the Union. In this case also, the Association is asking a larger increase than it secured in 1984-85, even though there has been a further deterioration in the economic position of the farmers in the district. The deterioration of the farmers' economic status also affects the business communities in Wittenberg and Birnamwood. Banks, feed dealers, implement dealers, fertilizer stores, and many other businesses feel the impact of declining farm income.

The Arbitrator concludes that the interest and welfare of the public would be better served by the more moderate salary proposal of the District than that of the Association.

Ability to Pay.

The District has not argued that it could not meet the Association's wage demands out of district revenues, but it has argued that economic conditions have affected the ability and willingness of its taxpayers to pay. The District maintained that its offer is more reasonable when these factors are considered. The Association has argued that Wittenberg-Birnamwood district is no different than other districts in the State and that the District has failed to show why Wittenberg should receive special treatment. The Arbitrator concludes, that on this criteria, the facts again support a more modest salary increase than that proposed by the Association.

Employees in Public Employment in This and Comparable Communities.

The parties did not present evidence concerning public employment in Wittenberg-Birnamwood nor in comparable communities.

Conclusion.

As indicated earlier, the Arbitrator did not find either offer clearly unreasonable. On the basis of the Athletic Conference comparables which the District itself emphasized, an offer a little higher than the Board proposed would have been more reasonable. On the other hand, the Association proposal is on the high side of comparable Conference settlements. The weight of considerations such as the inflation rate, the agricultural crisis, the State tax situation, and the current Wisconsin

economy all favor a more moderate settlement than that proposed by the Association.

The Arbitrator, taking into account the statutory standards and the evidence provided by the parties, concludes that over-all the final offer of the District is more reasonable than that of the Association.

AWARD

The final offer of the District, along with any agreed upon stipulations, shall be incorporated into the parties' 1985-86 collective bargaining agreement.

Dated this 30th day of April, 1986 at Stevens Point, Wisconsin.

Gordon Haferbecker

Gordon Haferbecker, Arbitrator