

STATE OF WISCONSIN
BEFORE THE MEDIATOR-ARBITRATOR

MAY 21 1986

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of Arbitration Between
HUSTISFORD SCHOOL DISTRICT
and
HUSTISFORD EDUCATION ASSOCIATION

Case 18
No. 35751 MED/ARB-3525
Decision No. 23138-A

Arbitrator:
Gordon Haferbecker

APPEARANCES:

Mr. Armin Blaufuss, Executive Director, WinnebagoLand UniServ Unit-South, on behalf of the Association/Union.

Ms. Shannon Bradbury, Staff Counsel, Wisconsin Assn. of School Boards, on behalf of the District/Board/Employer.

BACKGROUND

This dispute concerns the negotiations over the collective bargaining agreement between the parties to replace their existing contract which expired June 30, 1985.

On May 15, 1985, the parties exchanged their initial proposals for a 1985-86 contract. Thereafter the parties met on five occasions in an effort to reach an agreement. On October 7, 1985, the Association filed a petition for Mediation-Arbitration pursuant to the Statutes. On December 3, 1985, Andrew Roberts, a member of the Commission staff, conducted an investigation which reflected that the parties were deadlocked in their negotiations. By December 13, 1985, they had submitted to the Investigator their final offers and Investigator Roberts notified the Commission that the parties were still at impasse. On December 18, 1985, the Commission submitted a panel of five arbitrators to the parties from which they were to choose one. Gordon Haferbecker of Stevens Point was selected as Mediator-Arbitrator and the Commission notified the Arbitrator of his appointment on January 29, 1986.

A Citizen's Hearing and mediation were scheduled for March 10, 1986. But because of bad weather, the Arbitrator was forced to return to Stevens Point before reaching Hustisford. The Citizen's Hearing and mediation were rescheduled for March 17, 1986. On that date, the Citizen's Hearing was held and residents of the district presented their views concerning the matter. Mediation was conducted by the Mediator-Arbitrator but was not successful in resolving the deadlock. The parties proceeded to arbitration on the same evening. Exhibits were presented and testimony was heard. It was agreed that briefs would be exchanged through the Arbitrator on April 24, 1986. The Board's brief was received on May 1 and the Union's brief on May 2. The Association explained that the delay in the submission of the briefs was due to technical difficulties and that the late submission had been coordinated with the District.

Subsequent to the hearing, the Employer submitted Exhibits 34A through 34I concerning 1985-86 salary settlements in the Eastern Suburban Athletic Conference. On April 23, the Board submitted Exhibit 74, a report entitled, Financial Status of Wisconsin Farmers (B-74). On May 1, the Association wrote the Arbitrator objecting to the submission of this exhibit (B-74) by the District on the grounds that it was not the agreement of the parties that the record would be kept open for this particular document. On this basis, on May 5th the Arbitrator ruled that B-74 would not be admitted into the record. On that same day, the District objected to the Arbitrator's ruling. The Arbitrator then contacted the Union by phone concerning B-74 and subsequently the parties jointly agreed to allow the Board to submit B-74 into the record. Under this agreement the Union submitted a short position statement explaining

the half-step aspect of its salary schedule offer to be entered into the record. On May 14, the record was finally closed.

ISSUES

The disputed issue is the 1985-86 salary schedule. The Board proposes a 1985-86 salary schedule with a BA salary base of \$15,400. The Association proposes a schedule with a base salary of \$15,425. However, the parties differ substantially on 1) how increases in the salary schedule will be calculated and 2) the structure of the salary schedule. Therefore, while this arbitration concerns only a dispute over the 1985-86 salary schedule, there are actually three issues: 1) the amount the salaries will increase over 1984-85 (salary increase); 2) the method to be used for calculating that increase (salary computations); and 3) the arrangement of the increments and lanes in the salary schedule (salary schedule structure). The Board and Association proposals are attached as Appendix A.

EXPLANATION OF OFFERS¹

Since the final offers in this case have some complicated and subtle aspects which impact upon the issues, the Arbitrator thought it would be helpful to explain more fully the offers and corresponding methods of computation.

The final offer of the Board is a 1985-86 salary schedule with a BA Base salary of \$15,400, an increase of \$950 (6.57%) over the previous year's base of \$14,450. On this schedule each vertical increment (years of additional service) is \$630 more per increment on the BA side of the schedule and \$730 more per increment on the MA side. Each horizontal lane (educational achievement) is \$400 more per lane across both BA and MA sides. The Board does not propose to alter the absolute schedule structure in any way, but to keep it to 12 increments for the BA lanes and 14 increments for the MA lanes.

The 1984-85 schedule was determined by adding a set dollar amount for the increments; \$631 between increments for the BA lanes and \$727 between increments for the MA lanes. These dollar amounts were determined by multiplying the BA base by 4.37% to obtain \$631 for the BA increments and by 4.53% to obtain the \$727 for the MA increments. The Board's schedule somewhat reflects this method in that it applies a fixed dollar amount to the lanes and increments, but deviates in the method of computing the BA and MA incremental dollar amounts.

The final offer of the Association is a 1985-86 salary schedule with a BA Base salary of \$15,420, an increase of \$970 (6.71%) over the previous year's base. Each horizontal lane increment is \$424 per lane across both BA and MA sides of the schedule. The vertical (experience) increments are computed by multiplying the base in each individual lane by a percentage which results in different dollar amounts for each lane. The BA figures were computed by multiplying the base in each BA column by 4.37% to obtain a dollar amount for vertical increments (i.e., the BA Base column whole increments are \$674 apart, the BA+8 column increments are \$693 apart, and so forth.) The MA lanes were computed by multiplying the base in each column by 4.53% to obtain a dollar amount for increments (i.e., the MA Base column whole increments are \$775 apart, the MA+8 column increments are \$795 apart, and so on). This method of calculating the column increment amounts deviates from the method used in previous schedules.

¹The District, in its brief (pp. 2-3), does an excellent job of explaining the offers in this case. This section relies heavily on this material in the Board's brief.

The Association's schedule also contains half-steps between the vertical increments. This alteration to the structure results in 23 steps at the BA Base column and 27 steps at the MA Base column, a change from 12 and 14 respectively in previous schedules and that proposed by the District.

The District calculates its total package cost to be 7.36% over the 1984-85 costs and the Union's to be 9.47%. The Association computes its package cost to be 9.08% and the Board's to be 6.98% over 1984-85 costs.

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 44 exhibits and the District presented 74 exhibits, many of which for both parties were multi-page documents or series of articles. 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. Both parties presented argument as to how the bargaining history of the parties and established precedents favored their position on the salary computations and salary schedule structure issues. 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 important material.

Association's Position.

The Association argues that, when determining the appropriateness of comparables, geographic proximity and location should be the determining factors rather than merely using the athletic conference. Indeed, as the Association points out, historically the settlement pattern of Hustisford more closely reflects the settlement pattern in the Dodge County school districts during 1983-85 than it does the Eastern Suburban Athletic Conference settlement pattern. For example, the BA Minimum increased a total of 13.7% during the 83-84 and 84-85 school years in Hustisford. During this same period the BA Base in the Dodge County school districts increased 14.8%, but the increase for the Eastern Suburban Conference was just 10.6% at the BA Minimum. But perhaps most importantly, other arbitrators, including cases from this district as well as other surrounding districts, have established comparables by considering school districts that are geographically proximate as well as those that are of similar size. Therefore, the Association proposes that Hustisford is comparable to the school districts in three lists: Dodge County Districts, Contiguous Districts, and K-8 Feeder Schools.

The Association maintains that when comparing Hustisford to all three comparable groups, and even the Athletic Conference, Hustisford consistently loses ground in dollar amounts to these schools on all the benchmark positions. With little exception the Hustisford position among the Dodge County School Districts has declined since 1983-84. The percentage deviation at the BA Maximum shows that in 1984-85 Hustisford was 13.34% above the group average. Under the Association offer in 1985-86, Hustisford will be virtually the same at 13.28% above the group average. Hustisford under the Board's offer will be only 10.79% above the group average, which is a reduction to the 1981-82 level. Under the District proposal Hustisford's relative position declines at all the benchmarks. An analysis of the other comparable groups illustrates the substandard nature of the District's final offer.

When considering a comparison of the increases at the benchmark positions of Hustisford to the settlement pattern in comparable school districts, the Association offer is clearly more reasonable. The benchmark increases in the settled Dodge County school districts range from 6.8% to 7.3%. The Association proposal has benchmark increases ranging from 3.8% to 6.6%. Using all 18 settled school districts from the three groups, the benchmark increases in the comparables ranges from 6.6% to 8.7% and the Association offer ranges from 6.6% to 9.5%. At every

benchmark, other than BA Base, the Board proposes increases far short of the increases negotiated in comparable school districts.

The per teacher average salary-only dollar increase for the 18 settled schools amounts to \$1,980 or 8.76%. The Association's offer amounts to \$1,801 or 9.25% and the Board's proposal adds up to a \$1,358 or 6.97% average increase. These comparisons show the Association offer to be closer to the settlement pattern.

The Association argues that the District's proposal is a substantial departure from the parties' previous salary schedule settlements. It has been the practice of the parties to increase each of the benchmarks by the same or similar percentage with the result being that all teachers were treated equitably. Under the District's offer beginning teachers with no experience and no credits beyond a Bachelor's degree will receive the highest percentage raise while teachers with the greatest experience and the highest number of credits and degrees (salary schedule maximum) will receive the lowest percentage raise. The District's salary schedule proposal not only does not provide incentive to encourage teachers to get more education but will actually serve as a disincentive to the attainment of additional credits or degrees. The District sends the clear message that it desires to have inexperienced teachers with a Bachelor's degree only. The Association's offer, on the other hand, seeks to improve to some degree the salaries paid teachers who are experienced and who have the highest number of possible credits payable under the Hustisford salary schedule. The Association has structured its offer so as to encourage teachers to move from the Bachelor's column to other columns on the salary schedule. The Association believes this is consistent with the incentives that are offered in comparable school districts.

Concerning the Association's inclusion of half-steps in its salary schedule, this is really a non-issue. The sole purpose of the half-steps is to accurately cost the actual placement of the Hustisford teachers on the salary schedule. Hustisford does have teachers that have salaries at half-steps, and other districts (e.g., Lomira) use this approach when there are half-step placements. There is nothing in the Association's offer which would permit a teacher to move a partial experience (vertical) increment during mid-contract. The evidence clearly demonstrates that the Association final offer maintains a salary schedule with 12 increment steps in the BA columns and 14 increment steps in the MA columns, not the 23-27 increment steps suggested by the District.

The Association argues that the settlement pattern is the best indicator of the cost of living in a particular location. Arbitrators have remained faithful to the principle that the settlement patterns are the appropriate indicators of the cost of living even when such standard measures as the consumer price index have moderated. Arbitrators have repetitively used the established pattern of settlements as the appropriate indicator of the cost of living.

The Association suggests that the District appears to have indirectly addressed the issue of its ability to fund the Association's final offer. But the district has the obligation to demonstrate that it is in a more adverse position than comparable school districts when it asks the Arbitrator to award what is clearly a substandard salary and salary schedule proposal. While Hustisford and the general geographic area has been affected to some degree by the farm problems, the record does not contain any evidence that Hustisford is any worse off than any other district in the geographic area. Even if the Board had difficulty in funding the Association's offer, such difficulty would be mitigated by the actual or real budget impact of the Association's proposal. Since the actual cost of the Association's proposal results in only a 4.4% increase over the 1984-85 costs (due to a reduction of the FTE and staff turnover), the actual cost to the District is well within its ability to pay. And, with the public clearly interested in increasing teacher salaries in order to provide career incentives that help in recruiting and holding high qualified persons in the teaching profession, to the degree that the Association offer provides for higher teacher salaries, the Association offer must be considered to better meet the interests and welfare of the public.

District's Position.

The District argues that its offer is more realistic in view of the economic conditions of Dodge County. The County had a 20.4% increase in tax delinquencies over 1984, resulting in an increase of more than 100% since 1982. This compares to the relatively low increases of 14.6% in Jefferson County and 6.1% in Dane County. This high delinquency rate placed Dodge County 17th highest out of Wisconsin's 72 counties. In addition, Dodge County had an overall unemployment rate of 8.3% for 1985 and 9.6 for 1986, as compared to the statewide average of 7.2% and 8.5%. Other surrounding counties had lower rates with Jefferson with 7.9% and 9.6% and Dane with 4.4% and 5.1%. And further, Hustisford District has placed third lowest in assessed valuation of its conference districts, while it has the highest educational cost per member in the conference as well as the lowest allotment in state aid. And lastly, while both the Association and Board offer exceed the CPI, the District's final offer is more realistic in view of the current inflationary trends.

The financial problems of Wisconsin's farm communities have worsened since early 1985 and statistics are slow to catch up. Farm prices have dropped, export markets have dried up, and governmental financial supports are no longer available. Many farmers became over-extended in the boom period of the early 1970's, and as a result many farmers can no longer make enough farm income to service their debts. The greatest effect on the rural economy will come in the form of increased tax delinquencies, and the decline in assessed values within the municipalities. Even a small increase in delinquencies can negatively impact the finances of small rural governments and force them into short-term high interest borrowing, a common practice for school districts, which ultimately increases the property taxes and increases the risk of more delinquencies. The property taxes of farmers in agricultural districts cannot continue in the present manner. There is no longer sufficient reason to justify school districts granting salary increases which impact on the levy and ultimately make it more difficult for farmers to survive. The District believes, in light of the economic conditions of the area, its offer of a 7.36% increase is more reasonable.

The District argues that the properly comparable districts are those of the Eastern Suburban Athletic Conference, excluding Williams Bay. While arbitrators have used both the Athletic Conference and Dodge County schools in recent Conference decisions when establishing comparables, the Board sees that the use of Dodge County districts alone as an artificially limited one, as there are Conference schools in other counties which have similar economics and enrollments. In this case, using only the Dodge County is further limited by the fact that only two districts in the County are settled for 1985-86, and two schools alone do not make an adequate statistical base from which to make comparisons or draw conclusions.

The District suggests that a traditional benchmark analysis is probably of limited value in this particular case since there are only three conference schools settled for 1985-85. Of these, the schedules have discrepancies (such as miss-placement on the schedule and longevity increases in some lanes) which make equal comparisons difficult. Nevertheless, using benchmark and total package increase analyses, neither offer clearly is so out of line to make an absolutely persuasive argument, although the Association offer is farther from the averages than that of the Board.

The Board argues that its wage schedule, computed with flat dollar amounts, is reflective of the agreement and negotiations of the previous year, while the Association's schedule, based upon percentages, violates that agreement and established status quo. In the year previous to this dispute (1984-85), the Board agreed to a Consent Award which included a total package increase over the previous year (1983-84) of 8.91%, which in fact exceeded not only the impact of the District offer, but that of the Association as well. The Board knew exactly what it was doing--it was buying the future use of flat dollar amounts to calculate the salary schedule, as was evidenced by testimony at the hearing. This, the Board believes, sets a new precedent for the calculations of the incremental increases in the salary schedule.

The Board also states that the Association's present final offer does additional violence to the established pattern of salaries and method of computation in another and, perhaps, more disruptive way--the inclusion of half-steps. This change in the structure creates a salary schedule with 23 steps in the BA lanes and 27 in the MA lanes, where there has always been 12 and 14, respectively, in every schedule before. There is no precedent or rational basis for the creation of a 23-27 step schedule. No other school in the conference has adopted such a schedule, and indeed, it would seem tremendously unfair to impose such a change in the structure outside the process of mutual negotiation. This is not the sort of change which should be imposed unilaterally by one party through an arbitrator upon the other, and it would serve no significant purpose to do so.

With the economic conditions being as bad as they are and Hustisford not having much extra money to spend or anywhere to get it, and in light of the Association's offer which includes significant salary structure changes, the Arbitrator should see the Board's offer as eminently more reasonable.

DISCUSSION

The major factors that will determine the outcome of this case are the changes the parties propose to make in the salary schedule and the comparisons with other teacher salary settlements for 1985-86. Other statutory criteria will also be reviewed.

Salary Schedule.

Each side in this dispute charges that the other has made one or more major departures from past practice in their salary schedule proposals for 1985-86. In their exhibits the parties did not provide any recent Hustisford salary schedules except for 1984-85. The Arbitrator requested copies of the schedules from 1980-81 through 1983-84 and these were supplied by the District. The Arbitrator constructed the chart on the following page which shows the bargaining history of the parties based on their salary schedules beginning with 1981-82.

As can be seen, there has been consistency in the approach to the salary schedule structure over the period 1981-82 through last year, 1984-85. The 1985-86 proposals of the Union and the Board both introduce significant deviations from the 1981-85 settlements.

The District's proposal represents a major change in the application of increases in the schedule. In the past a uniform percentage of about 2.75% of the BA base was applied to determine the horizontal (educational) increments, which was then applied across the schedule on both the BA and MA sides. This resulted in these horizontal increments rising each year with the increase in the BA base. For 1985-86 the Board proposes to freeze this increment at about the 1984-85 level of \$400. (The 1984-85 figure was \$398.) Using a basically arbitrary dollar amount effectively changes the percentage of the incremental adjustment to the BA base (reducing it from 2.75% to 2.60%). Applying the past percentage to the District's proposed BA base of 15,400 would have resulted in a \$423.50 horizontal increment--very close to the \$424 that the Union proposes.

There is an important result of the Board applying an arbitrary dollar amount that has no percentage connection to the BA base on the horizontal increments. In the past, including last year, when 2.75% was applied to the BA base to calculate the horizontal increments, it resulted in a consistent 11% differential between the BA base and the MA base. Using an arbitrary dollar amount lower than that calculated at 2.75% of the BA base (\$400 in this case) results in a lower differential between the BA and MA bases on a percentage basis (10.39%, down from 11%).

The District also proposes major changes in the way the vertical (experience) increments are calculated. Historically the BA vertical increments have been calculated at 4.37% of the BA base for the BA side of the schedule and at 4.53% of the MA base for the MA side. These computations resulted in dollar amounts which were then applied down each side of the

CHART I

Arbitrator's Comparisons of Previous Years' Salary Schedules
1981-82 Through 1985-86

YEAR	BA BASE	HORIZ. INCREMENT	PERCENT OF BA BASE	VERTI. INCREMENT	PERCENT OF BA BASE	PERCENT MA TO BA	MA BASE	HORIZ. INCREMENT	VERTI. INCREMENT	PERCENT OF MA BASE
1981-82	11,925	330	2.77%	521	4.37%	11.07%	13,245	330	600	4.53%
1982-83	12,650	348	2.75%	553	4.37%	11.00%	14,042	348	636	4.53%
1983-84	13,500	371	2.75%	590	4.37%	10.99%	14,984	371	679	4.53%
1984-85	14,450	398	2.75%	631	4.37%	11.00%	16,040	398	727	4.53%
Board 1985-86	15,400	400	2.60%	600	3.89%	10.39%	17,000	400	730	4.29%
Association 1985-86	15,420	424	2.75%	674 to 729	4.37% to 4.73%	11.00%	17,116	424	775 to 833	4.53% to 4.87%

Sources: Exhibits; B-2, B-3, B-5; Hustisford Salary Schedules from 1981-82 through 1983-84 supplied by District.

schedule (i.e., the BA amount applied down the BA side and the MA amount down the MA side). The Board, in its offer, proposes to apply only arbitrary dollar amounts to each side of the schedule, thereby abandoning the use of the 4.37 and 4.53 percentages used in previous years to calculate the vertical increment amounts. The Board's proposal of \$600 for the BA vertical increment is actually a reduction of \$31 over last year's \$631. Applying the 4.37 percentage to their proposed BA base would have resulted in a \$673 vertical increment amount. The same is true for the MA experience increments. In the past these vertical increments have increased at 4.53% of the MA base, but this year the Board proposes to freeze the MA vertical increments at about the 1984-85 level. Its proposal calls for an MA experience increment of \$730 (1984-85 was \$727). Applying the traditional percentage of 4.53%, it would have been \$770.

The Association's proposal for 1985-86 also departs from past practice in two ways. First, it proposes a schedule providing for half-steps resulting in 23 steps in the BA lanes and 27 steps in the MA lanes. In the past there were only 12 steps in the BA lanes and 14 in the MA lanes. The Union's second departure from past practice is to go from a uniform BA and MA vertical increment amount to amounts that vary from lane to lane. In 1984-85 the BA vertical (experience) increments were a uniform \$631 for the BA side and \$727 for the MA side. For 1985-86, the Association proposes that the percentage figures used in the past to calculate that uniform amount be applied to each lane base which results in a different vertical increment for each lane. Using this method then the BA base lane increment would be \$674 (4.37% of \$15,420), the BA+8 lane would be \$692 (4.37% of \$15,844 [which is \$15,420 + \$424]), and so on. On the MA side the process is the same, but now using the traditional MA percentage of 4.53%. The MA lane increments would vary also as on the BA side. Therefore, the MA base lane increment is \$775 (4.53% of \$17,116), the MA+8 lane increment is \$795 (4.53% of \$17,540 [\$17,116 + \$424]), and so forth.

This change in the computation of lane increments by the Union results in experience increments ranging from 4.37% in the BA base lane to 4.73% in the BA+24 lane. It increases the MA increments from 4.53% in the MA base lane to 4.87% in the MA+24 lane. This application of these percentages is a misuse of a calculation procedure of previous years and is a serious departure from past practice.

Past practice in salary schedule matters is usually significant to arbitrators and it is important to the stability of the bargaining relationship between parties. In this case I place great importance on this issue. And here I find that both parties have deviated significantly from past practice. Both offers represent changes in salary schedule computations which should have been negotiated between the parties. As to the Board's contention that last year the parties had bargained out percentages and converted to dollar amounts, I find nothing in the evidence that supports that assertion. Quite the contrary. An analysis of the preceding 4 years (including last year) shows the parties consistently used the same method of calculating the vertical, as well as the horizontal, incremental amounts. I reject the Board's strong assertion that they bargained a change in the salary schedule calculations thereby setting a new precedent or changing the status quo. This Arbitrator finds no differences between the structure of last year's schedule and that of previous years. If the District believed during last year's negotiations it was buying a new method for calculating salary schedule increases, there is nothing (in writing and in this record) that shows it.

Both briefs were inadequate in explaining the major deviations of the parties from the past salary schedule structure as bargained by the parties. The Board does not explain why it is freezing the horizontal incremental value and departing from the long standing practice of using percentages in determining the vertical incremental amounts. The Union does not explain why it is going from uniform BA and MA experience incremental amounts to amounts which vary by lanes within the BA and MA sides of the schedule. The Board's changes tend to shrink the salary ranges for teachers in the District and the Union changes tend to expand the salary ranges. Neither side explains why they need to affect the salary schedule the way they have. In deciding this issue the Arbitrator must decide which party's offer deviates the least from past, accepted methods of the parties of bargaining and establishing salary schedules.

First of all, I do not find the Union's provision for half-steps to be a major deviation from past practice. The 1981-82 and 1983-84 salary schedules of Hustisford include notations concerning half-steps. This would be an indication that half-steps are not entirely new to the parties and possibly have been part of the salary setting and costing practice in previous negotiations. Also, in looking over the (Arbitrator's) comparables, I find there is at least one other district (Lomira) that has a salary schedule which includes half-steps. This would indicate that this idea is not entirely without precedent among the comparables. But probably most importantly, I agree with the Union's contention that the half-step schedule is for costing purposes only, and will not have an impact on the cost of their proposal nor on the application of the schedule. For the most part the half-steps can be ignored and the full-steps used (in benchmark comparisons, for example). So, concerning past practice anyway, this is not a very important issue.

However, concerning the deviations of the parties in calculating the incremental amounts in the salary schedule, I find this problem very important. As the Union points out (brief, p. 31-34), when the Employer moved to the arbitrary dollar amount in place of the percentage-of-base dollar amount, it deviated not only from the mechanics (of computations) of the past, but also from some basic equities of the past schedules. In this regard, the parties agreed in 1983-84 and again in 1984-85 to salary schedules in which the effect would give uniform increases to each of the cells in the schedule (about 7.1% in 1983-84 and about 6.7% in 1984-85). For 1985-86 the District's proposal impacts on the over-all schedule substantially different than in previous years. The Board's offer results in a 6.6% increase over the previous at the BA base benchmark, but this percentage decreases ranging from 4.4% to 6.6% at each of the other benchmarks on the BA side. The MA side is even worse with the percentage of increase per cell ranging from 3.8% to 6.0% on these benchmarks. This is not the whole story, since benchmarks are mainly on the outside of the schedule. As one moves into the Board's schedule these percentage degenerate even more: to a low of 4.2% on the BA side. The Board's proposal provides the highest percentage increase to teachers at the BA minimum and the lowest percentage increase to those with the most education and experience. The Arbitrator considers this a major inequity and a major departure from past practice.

In its discussion, however, the Association fails to show in detail the effects of its offer on the schedule. While it is true that its offer does result in a uniform percentage increase on the benchmark cells, the effect of the Union offer is just the same (but opposite) as the Board--it provides unequal percentage increases to the cells within the schedule. The Association's offer is not, contrary to its claims, any more equitable than the Board's offer in providing similar percentage increases. In the Union's offer, the percentage increase at the BA base is 6.7%, however, at other cells inside the schedule the percentages would be: BA+8/7 = 7.32%; BA+24/7 = 8.4%; BA+24/10 = 9.1%; and BA+24/12 = 9.4%. The effect is similar on the MA side. While the Board's offer is inequitable because it provides less of a percentage increase to those at the lower (more years of service) end of the schedule, the Union's proposal is inequitable by providing lower increases to those at the higher (less years of service) end of the salary schedule. Using the same equity standard, the Arbitrator considers this also a major inequity and a major departure from past practice.

The effects of the offers on the internal cells of the schedule is important. The previous schedules of the parties did set the precedent of larger experience differentials on the MA side of the schedule than on the BA side. This results in additional incentive for teachers to increase their educational level--an incentive principle. The change proposed by the Association carries this principle further by giving teachers, who change educational lanes within each side of the schedule, an additional incentive. The teacher who moves from BA to BA+8 will receive a horizontal (educational) increment of \$424 plus a vertical (experience) increment of \$692 instead of the \$647 at the BA base. While the Board's schedule follows somewhat the same incentive principle, it does not provide the extra incentive: \$400 horizontal increment, with the vertical increments the same at \$600. The Union's proposal not only applies the incentive principle concerning education, but also for longevity, except on the base lanes. Since the Union's schedule is expanded vertically as well as hori-

zontally, those at the bottom of a lane (more years of service) will receive a higher percentage increase without moving horizontally to another educational lane. So, while the Association's offer violates past practice on the mechanics of calculating the increases, it is more consistent with the parties' recognized incentive principle.

This issue is not an easy one for the Arbitrator. Both parties have deviated significantly from the parties' long established pattern of bargaining and calculating salary schedules. No matter how the Arbitrator decides he will be imposing a salary schedule that should have been placed in a contract through the negotiation process. While the Union offer has similar inequity effects as does the Board proposal, because the Union apparently used percentage figures similar to previous years when calculating the incremental amounts (2.75% for the horizontal, 4.37% and 4.53% for the vertical), and the fact the Union's schedule is more consistent with the incentive principle recognized by the parties, the Union's proposal is somewhat closer to past practice of the parties. Therefore, I find the the Union approach to the 1985-86 salary schedule to be less of a departure from past practice than that of the Board and therefore more reasonable.

Salary Comparisons With Other Districts

On the basis of past arbitral practice, and on the basis of geographic proximity and similar economic conditions, both parties agree that Dodge County comparables should be considered. However, the District notes size differences between Hustisford and the settled Dodge County districts. The Union thinks that comparables east of Hustisford are close-by and should be given weight. The Board stresses the Athletic Conference as being most comparable. Salary schedules are lower in the Eastern Suburban Conference (schools near Madison) than the Hartford area east of Hustisford (closer to Milwaukee).

One difficulty that the parties and the Arbitrator face in this case is the small number of settlements in Dodge County (only 2) and in the Athletic Conference (only 3). While there have been more settlements in the Hartford area east of Hustisford, there is some question as to their comparability.

For the purposes of this arbitration only, and in view of the limited number of settlements for 1985-86, the Arbitrator has selected 7 school districts that have settled for 1985-86 and which either have been used by the parties in the past, or are similar in size and economic conditions. These districts, the Arbitrator's comparables, are shown in CHART II. These comparables include: the Dodge County settled districts of Lomira

CHART II
Arbitrator's Comparables

NAME	% RURAL	SCHOOL ENROLLMENT	FTE	CON TIG.	ATHL. CONF.
Hustisford	78.9	441	27.8	-	-
Cambridge	82.2	818	52.7	no	yes
Horicon	38.4	1,026	54.6	yes	no
Lake Mills	55.9	1,066	71.5	no	yes
Lomira	69.4	829	44.5	no	no
Marshall	67.3	814	55.1	no	yes
Richfield #2	100.0	390	23.7	no	no
Richmond	100.0	248	23.0	no	no

Sources: Exhibits; B-8, B-9; DPI "Basic Facts" #5320; "Towns, Villages, and City Taxes - 1984" (% Rural = Town Eval. / Total Eval.)

CHART III

Arbitrator's Salary Benchmark Comparisons
 Hustisford Compared to Arbitrator's Comparables
 1983-84 Through 1985-86

Name	BA Minimum			BA + 7			BA Maximum			Name
	83-84	84-85	85-86	83-84	84-85	85-86	83-84	84-85	85-86	
Cambridge	13,425	14,725	15,425	15,557	17,582	18,418	21,473	24,338	25,495	Cambridge
Horicon	14,900	15,500	16,500	16,699	17,360	18,592	16,699	17,360	18,592	Horicon
Lake Mills	13,775	14,500	15,300	17,494	18,415	19,431	19,147	20,154	21,267	Lake Mills
Lomira	13,600	15,335	16,330	16,682	18,704	19,923	18,730	20,388	21,719	Lomira
Marshall	13,200	14,000	14,925	16,368	17,360	18,507	18,480	19,600	20,895	Marshall
Richfield	15,170	16,125	17,250	19,721	20,963	22,425	19,721	20,963	22,425	Richfield
Richmond	14,967	15,893	16,931	18,063	19,181	20,434	21,675	23,017	24,520	Richmond
Hustisford	13,500	14,450		17,040	18,236		19,990	21,391		Hustisford
Board			15,400			19,180			22,330	Board
Union			15,420			19,463			22,832	Union
Average (7)	14,148	15,154	16,109	17,226	18,509	19,676	19,418	20,831	22,130	Average (7)
Hustisford	-648	-704		-186	-273		+572	+560		Hustisford
Board			-709			-496			+200	Board
Union			-689			-213			+702	Union

Sources: B-17 through B-34C; U-14 through U-17.

CHART III
(continued)

Arbitrator's Salary Benchmark Comparisons
Hustisford Compared to Arbitrator's Comparables
1983-84 Through 1985-86

Name	MA Minimum			MA + 10			MA Maximum			Schedule Maximum			Name
	83-84	84-85	85-86	83-84	84-85	85-86	83-84	84-85	85-86	83-84	84-85	85-86	
Cambridge	14,821	16,735	17,530	19,252	21,835	22,873	23,969	27,660	28,975	26,043	30,445	31,892	Cambridge
Horicon	17,147	18,476	19,787	23,318	25,127	26,915	25,374	27,344	29,291	25,923	28,816	30,858	Horicon
Lake Mills	15,565	16,385	17,289	21,636	22,775	24,028	24,126	25,396	26,793	25,792	27,149	28,647	Lake Mills
Lomira	15,063	17,079	18,192	20,971	23,461	24,985	24,261	26,298	28,006	24,749	26,815	28,822	Lomira
Marshall	15,312	16,240	17,313	20,064	21,280	22,686	22,704	24,080	25,671	24,288	25,760	27,462	Marshall
Richfield	17,445	18,544	19,838	24,272	25,800	27,600	25,789	27,413	29,325	27,609	29,348	31,395	Richfield
Richmond	16,463	17,482	18,624	22,133	23,503	25,038	24,653	26,179	27,889	25,352	26,921	28,679	Richmond
Hustisford	14,984	16,040		21,095	22,583		23,811	25,491		24,924	26,685		Hustisford
Board			17,000			23,570			26,490			27,690	Board
Union			17,116			24,094			27,196			29,217	Union
Average (7)	15,974	17,277	18,368	21,664	23,397	24,875	24,411	26,339	27,993	25,679	27,893	29,679	Average (7)
Hustisford	-990	-1,237		-569	-814		+600	+848		-755	-1,208		Hustisford
Board			-1,368			-1,305			-1,503			-1,989	Board
Union			-1,252			-781			+797			-462	Union

Sources: B-17 through B-34C; U-14 through U-17.

and Horicon; the Athletic Conference settled districts of Cambridge, Lake Mills, and Marshall; and two comparable Hartford area districts, Richfield and Richmond. Richfield and Richmond were selected because they were similar in size and rural in character. Another district, Merton J-9, was considered as comparable given its size and rural character, but was excluded because it had a much different type of salary schedule making benchmark comparisons difficult. Districts like Oconomowoc and Hartford were not included because of their much larger size and urban character.

The Arbitrator then began an exhaustive analysis of the parties' offers by comparing them to these comparables over a three year period--1983-84 through 1985-86. This analysis has been summarized in CHARTS III and IV. CHART III (a two-page chart found on pages 11 and 12) is a salary benchmark dollar comparison of Hustisford to the 7 Arbitrator's comparables. CHART IV is a comparison of Hustisford to the 7 comparables on average salary increases (dollars), salary only increases (percentage), and total package increases (percentage).

These charts show Hustisford under either the District or Association offer to be below the 7 school average in 6 of the seven benchmarks compared for 1985-86. The Board offer is below the average salary in 6 of the 7 benchmarks--from \$1,300 to \$1,900 below the average in 4 of the 7 benchmarks. The Association proposal is above the average at only one benchmark and is below by over \$1,200 at one, by between almost \$700 and \$300 at three, and by over \$200 at another. On the basis of these benchmark comparisons, the Union's offer is clearly more reasonable.

CHART IV shows that the average salary increase for the 7 comparables for 1985-86 over 1984-85 is \$1,853. This compares with the Hustisford District offer of \$1,358 and the Union offer of \$1,801. None of the 7 schools' increases are as low as the Board's \$1,358. The salary only and package increase comparisons also show the Hustisford Board's offer to be below the average by a greater percentage than the Union is above. (The Board's costing figures as shown in this chart indicate the Union's package cost to be a little more above the average than the Board's is below.)

CHART IV

Arbitrator's Average Salary and Package Increase Comparisons
Hustisford Compared to Arbitrator's Comparables
1984-85 To 1985-86

Name	SALARY		PACKAGE	
	\$ average increase	% salary only	% Board's costing	% Union's costing
Cambridge	1,606	7.89	8.10	8.10
Horicon	2,033	8.68	8.37	8.37
Lake Mills	1,749	7.66	8.26	8.26
Lomira	1,847	8.78	8.79	8.79
Marshall	1,706	8.05	8.05	8.05
Richfield	2,055	8.47	7.90	7.90
Richmond	1,978	9.03	9.08	9.08
Hustisford				
Board	1,358	6.97	7.36	6.98
Union	1,801	9.25	9.47	9.08
Average (7)	1,853	8.37	8.36	8.36
Hustisford				
Board	-495	-1.40	-1.00	-1.38
Union	- 52	+ .88	+1.11	+ .72

Sources: Exhibits; U-8, U-13 (supplemental materials)

Overall, based on the above discussion, the Arbitrator finds that, on the basis of the comparables, the Association salary offer is more reasonable than that of the District.

Cost of Living.

Both the District and the Association proposals exceed the increase in the CPI in the year preceeding this 1985-86 contract. The Association's offer is more in excess of the inflation rate than the District's offer. Many arbitrators have held that actual current contract settlements are an appropriate measure of how the parties have considered the significance of the inflation factor. This Arbitrator would also point out that one reason that 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.

Under either the Board or Union offer, the teachers would gain in real income and there would be an improvement in the attractiveness of the teaching profession in Hustisford. In view of the recent decline in inflation and the current economic situation, I find the Board's position on this issue to be a little more reasonable. In view of the pattern of 1985-86 settlements, however, I do not think the cost of living should be a major factor in the determination of this case.

Lawful Authority of the Employer,
Private Sector Wage Comparisons, and
Overall Compensation Including Fringe Benefits.

These statutory criteria were not issues nor addressed by the parties in this case, except that the Union called attention to the need to raise teacher salaries to make them more competitive with other professions.

Ability to Pay.

The Employer has introduced significant evidence concerning the economic situation in Dodge County. Tax delinquencies have increased 20% in 1985 compared to 1984 and 100% since 1982 (B-37). This is a higher increase than in Jefferson and Dane Counties which include many of the Athletic Conference schools. Unemployment was also higher in Dodge County in 1985 by about 1% over the State average (8.3% vs. 7.2%). Unemployment in Dodge County is higher than in Dane County. Hustisford has the third lowest assessed value of the Conference districts and the highest educational cost per member (B-5).

The Arbitrator certainly recognizes the serious plight of the farmers in the area and a more moderate Union salary offer would have been in order. However, it should be noted that the other Dodge County schools are also affected by the Dodge County unemployment and tax delinquency rates cited by the Board. In spite of this, they did provide 1985-86 average salary increases of \$2,033 for Horicon and \$1,847 for Lomira compared to the Hustisford District's offer of \$1,358 and the Association's offer of \$1,801 (CHART IV, above).

In costing employer and union salary offers, it is customary to do so by projecting the previous year's staff into the new contract year in order to make costing comparisons. This is proper, particularly when contracts are settled prior to the new school year. In this case, in view of the economic situation and in view of the fact that the school year is nearly over, I think some consideration should be given to the actual cost of both offers, taking faculty turnover into account. As the Association points out (brief, p. 42), the actual cost of the Union's offer for 1985-86 will be 4.4% even though returning teachers will receive a 9.08% increase. The District's offer would increase the budget by only 2.45% with a 6.98% increase for returning teachers. Since ability to pay is an issue here, the above facts place the Union's salary offer in a more favorable position.

As B-74 (p. 30) points out, decreasing farm land values (due to decreasing income) will tend to shift state school aids, property tax credits, and state shared revenues toward rural governments. City governments and school districts will have lower aids and less property tax credits than would occur if farm asset values had not declined. Thus, taxes are shifted from rural to urban areas as a result of farm financial stress. It will, of course, take time for these changes to take place. As the Employer in this case points out, decreased farm income may not yet be fully reflected in farm valuations and tax delinquency figures.

Another factor of some importance is that we do not know to what extent non-farm income may cushion the decline in farm income for farm families. B-74 states that, "Wisconsin studies show that over half of farm families have someone who worked off the farm including about one-half of all dairy farm families." (p. 28) Of course, property taxes are a particularly heavy burden for dairy farmers who have no other source of income.

Taking all of the above into account, the Arbitrator finds that the Union offer to be slightly more reasonable than that of the District.

Interest and Welfare of the Public.

The Arbitrator 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 fund such increases. Some of the considerations bearing on this criterion have been discussed under Ability to Pay.

This is a close decision on the 1985-86 salary issue. A salary settlement higher than the Board's proposal and a little lower than that of the Association's would have better met this criterion. But the Arbitrator must choose between the two final offers. I think that the Union's final offer comes closer to meeting this criteria because it is closer to the comparables in maintaining professional salaries while better maintaining incentives for educational improvement for the teachers in the Hustisford School District.

CONCLUSION

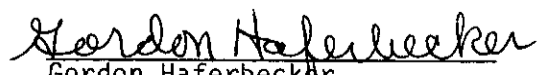
The Arbitrator finds the Association salary proposal for 1985-86 to be more reasonable than that of the District. While both offers make significant departures from the established procedures of the parties, the Union schedule proposal has less deviation from past practice than the Employer offer. The Union salary proposal is more reasonable on the basis of benchmark and total package cost comparisons with 7 comparable settled schools chosen for this case. The Employer position is more favorable on the cost of living. Small agricultural districts like Hustisford do face a difficult economic situation, but the District does have the ability to pay the Association offer given the actual cost impact of its offer.

Taking into account the statutory criteria and the briefs and exhibits of the parties, the Arbitrator finds the Association's final offer, overall, to be more reasonable than that of the District's final offer.

AWARD

The final offer of the Hustisford Education Association, along with agreed upon stipulations, shall be incorporated into the 1985-86 collective bargaining agreement between the parties.

Dated this 20th day of May, 1986 at Stevens Point, Wisconsin.


Gordon Haferbecker
Mediator/Arbitrator

Hustisford School District
 Hustisford, Wisconsin
 Board of Education Salary Schedule Proposed Year 1985-86
 Date 12/12/85
 Final Offer

	B.S	B S 8	b S 16	b S. 24	P.F	P.S.F	I S 16	I S 24
1	15400	15800	16200	16600	17000	17400	17800	18200
2	16030	16430	16830	17230	17730	18130	18530	18930
3	16660	17060	17460	17860	18460	18860	19260	19660
4	17290	17690	18090	18490	19190	19590	19990	20390
5	17920	18320	18720	19120	19920	20320	20720	21120
6	18550	18950	19350	19750	20650	21050	21450	21850
7	19180	19580	19980	20380	21380	21780	22180	22580
8	19810	20210	20610	21010	22110	22510	22910	23310
9	20440	20840	21240	21640	22840	23240	23640	24040
10	21070	21470	21870	22270	23570	23970	24370	24770
11	21700	22100	22500	22900	24300	24700	25100	25500
12	22330	22730	23130	23530	25030	25430	25830	26230
13	✓	✓	✓	✓	25760	26160	26560	26960
14	X	Y	.	.	26490	26890	27290	27690

HUSTISFORD PROPOSED 1985-86 SALARY SCHEDULE

STEP	BA	BA+8	BA+16	BA+24	MA	MA+8	MA+16	MA+24
1.0	15420	15844	16268	16692	17116	17540	17964	18388
1.5	15757	16190	16623	17057	17504	17937	18371	18804
2.0	16094	16536	16979	17421	17891	18335	18778	19221
2.5	16431	16883	17334	17786	18279	18732	19185	19637
3.0	16768	17229	17690	18151	18667	19129	19592	20054
3.5	17105	17575	18045	18516	19054	19526	19998	20470
4.0	17442	17921	18401	18880	19442	19924	20405	20887
4.5	17778	18267	18756	19245	19830	20321	20812	21303
5.0	18115	18614	19112	19610	20217	20718	21219	21720
5.5	18452	18960	19467	19974	20605	21116	21626	22136
6.0	18789	19306	19823	20339	20993	21513	22033	22553
6.5	19126	19652	20178	20704	21380	21910	22440	22969
7.0	19463	19998	20533	21069	21768	22307	22847	23386
7.5	19800	20344	20889	21433	22156	22705	23254	23802
8.0	20137	20691	21244	21798	22543	23102	23660	24219
8.5	20474	21037	21600	22163	22931	23499	24067	24635
9.0	20811	21383	21955	22528	23319	23897	24474	25052
9.5	21148	21729	22311	22892	23707	24294	24881	25468
10.0	21485	22075	22666	23257	24094	24691	25288	25885
10.5	21822	22422	23022	23622	24482	25088	25695	26301
11.0	22159	22768	23377	23986	24870	25486	26102	26718
11.5	22495	23114	23733	24351	25257	25883	26509	27134
12.0	22832	23460	24088	24716	25645	26280	26915	27551
12.5	---	---	---	---	26033	26677	27322	27967
13.0	---	---	---	---	26420	27075	27729	28384
13.5	---	---	---	---	26808	27472	28136	28800
14.0	---	---	---	---	27196	27869	28543	29217