

A public hearing was held on Monday, April 14, 1986, at 7:00 p.m. in the auditorium of the Winneconne Community High School, Winneconne, Wisconsin. Thereafter, a mediation session was held. It proved to be unsuccessful. The arbitration proceeding was held on Tuesday, April 15, 1986, at 10:00 a.m. in the Board Room of the Winneconne Junior High School, Winneconne, Wisconsin. Following receipt of positions, contentions and evidence, the Parties filed post hearing briefs which were received on June 4, 1986. The Parties elected to file reply briefs and they were received on June 9, 1986, after which the hearing was considered closed.

POSITIONS OF THE PARTIES

The sole issue before the arbitrator is the salary schedule. All other issues have been mutually resolved by the Parties.

The Association's final offer salary schedule preserves the status quo in the following ways:

1. No change in the name and number of salary schedule training lanes.
2. No change in the number of experience steps contained within each training lane.
3. No change in the percentage relationship between training lanes.
4. An experience increment at each step equal to four percent of the respective training lane base.

The Association's final offer salary schedule shows a dollar increase in the horizontal lane differential or increment. To accomplish that schedule, the Association found the percent index between training lanes (divide each dollar value between training lanes by the 1984-85 BA base of \$14,600) with the following result:

	<u>BS</u>	<u>BS+6</u>	<u>BS+15</u>	<u>BS+24</u>	<u>MS</u>	<u>MS+10</u>
	14,600	14,785	14,995	15,230	15,230	15,935
\$ inc.	185	210	235	390	315	
% inc.	1.0127	1.0271	1.0431	1.0699	1.0914	

Then, the Association established the BA base of its final offer salary schedule and recalculated the dollar horizontal increments which yield:

	<u>BS</u>	<u>BS+6</u>	<u>BS+15</u>	<u>BS+24</u>	<u>MS</u>	<u>MS+10</u>
	15,775	15,975	16,202	16,456	16,877	17,218
\$ inc.	200	227	254	421	341	
% inc.	1.0127	1.0271	1.0431	1.0699	1.0914	

Thus, the Association's final salary schedule offer was built using dollar values for the horizontal lane differential or increment, not just the index base.

The School District, on the other hand, is proposing a BA base of \$15,525 on the existing salary schedule structure.

A comparison of the final offer benchmarks provide the following differences (Association Exhibit #2, p. 3, #5, p. 2):

	<u>Association</u>	<u>Board</u>	<u>Difference</u>
BA Minimum	\$15,775	15,525	250
BA Step 7	19,561	19,251	310
BA Maximum	22,085	21,735	350
MA Minimum	16,877	16,545	332
MA Step 10	22,952	22,503	449
MA Maximum	27,002	26,475	527
Schedule Maximum	27,553	26,985	568

The difference in final offer average salaries and the average salary-only per returning teacher increase are both \$421.

ANALYSIS OF THE EVIDENCE

The arbitrator evaluated the final offers of the Parties in light of the criteria set forth in Wis. Stats. 111.70(4)(cm)7, which includes:

- A. The lawful authority of the municipal employer.
- B. Stipulations of the parties.
- C. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same community and in comparable communities and in the private employment in the same community and in comparable communities.
- E. The average consumer prices for goods and services, commonly known as the cost-of-living.
- F. The overall compensation presently received by the 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 employment.

A. The lawful authority of the municipal employer.

This factor is not an important consideration in that the lawful authority of the School District permits the retention of rights and responsibilities to operate the school system so as to carry out the statutory mandate and goals assigned to it consistent with the provisions of the collective bargaining agreement. Neither Party asserted that the participation of the Board to commit the economic resources of the School District, as a result of this arbitration proceeding, are in dispute.

B. Stipulations of the parties.

Except for the salary issue, the Parties have agreed to all other contract items. None of the original stipulations between the Parties are in dispute. (Association Exhibit #1; Board Exhibit #4). As such, the arbitrator shall include the stipulations as part of the final award in this matter.

C. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

The Parties have shared costing information throughout the entire collective bargaining process. The Parties are in agreement with the costs associated with each final offer.

The complete cost-out is contained in Board Exhibit #29 and Union Exhibit #4. Other breakdown costs are included in Board Exhibits #22 and #1A. The total package proposed by the Board's offer would amount to a 8.2% increase or \$2,338 per teacher. Under the Association's final offer, the total package increase amounts to 10.0% or \$2,847 per teacher. On the salary only increase the Board's offer amounts to a 7.6% increase or \$1,654 per teacher. The Association's offer of salary only amounts to a 9.6% increase of \$2,075 per returning teacher. The Parties are \$44,279 apart or \$510 per teacher.

There is nothing in this proceeding which questions the financial ability of the School District to "meet the costs of any proposed settlement". The Board waived the issue of "ability to pay" during the course of the hearing. Consequently, the Board has provided no evidence which would lend support to an inability to pay argument with respect to either final offer in this matter.

About 81% of Winneconne's valuation is classified as "rural". (Board Exhibit #11). Because the School District is a rural school with a significant portion of its residents and taxpayers engaged in farming or in agriculture related services, the Board presented a number of exhibits designed to show the economic turmoil faced in the United States, the State of Wisconsin, the farm economy and the Winneconne School District area. (Board Exhibits #57-252). The problems in the farm economy in the Winneconne School District area were echoed by numerous speakers at the public hearing. Yet, with all of these Board Exhibits and the public speakers opposing the final offer of the Association, none proved that Winneconne is suffering from an isolated incident of financial woes. What this

evidence proves is that the Winneconne area, the region and the entire State of Wisconsin share the same economic plight. It is for that very reason that the emphasis for comparison has been placed on comparable communities in the same geographic area under a separate criterion of the statute, which will be addressed by the arbitrator in the next section of his decision. Thus, the poor economic conditions facing Winneconne cannot justify erosion of teacher salaries, if the Association's final offer compares more favorably than the Board's final offer among the comparable schools selected by the arbitrator. If the selected comparables favor the Association's final offer, the conclusion would be inescapable that it would be in the best interest and welfare of the public, since its offer would be no different than comparable settlements and the School District waived the issue of "ability to pay" during the arbitration hearing.

D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same community and in comparable communities and in the private employment in the same community and in comparable communities.

The Association proposes that the most comparable school districts are Freedom, Little Chute, North Fond du Lac, Horicon, Markesan and Westfield for these reasons. First, K-12 student enrollments range from a low of 1,026 (Horicon) to 1,301 (Winneconne). The average pupil enrollment for this grouping is 1,168. Winneconne's enrollment is only 88 pupils above the enrollments for Freedom and Westfield and only 142 pupils above the group average. (Association Exhibit #9).

Second, the range of full-time equivalency teaching staff ranges from a low of 54.63 FTE (Horicon) to a high of 83.66 FTE (Winneconne) for a difference of 29.03 FTE. The average FTE teaching staff for this grouping is 64.18 which means that Winneconne is 19.48 FTE's above the average. (Association Exhibit #9).

Third, an analysis of Association Exhibit #10 shows that the averages for the school costs per pupil, equalized valuation per pupil and the levy rates are \$2,791; \$158,694; and 10.42, respectively. Winneconne cost figure is \$225 per pupil above the average, the equalized value per pupil is \$3,887 per pupil above the average and the levy rate is only .89 mills above the average of these schools.

Fourth, the school districts proposed by the Association are within a 35-mile radius from the Winneconne School District and reflect regional geographic similarities. Except for the Little Chute School District, the Association's proposed grouping is rural in nature. (Association Exhibit #8).

Finally, Winneconne's second year of a two-year contract proposal is in harmony with settled contracts contained in the Association's proposed group of comparable schools. (Association Exhibits #11-16, 21).

The School District, on the other hand, proposes that the school districts in the East Central Athletic Conference are the most comparable to Winneconne. The athletic conference contains the school districts of Hortonville, Little Chute, Berlin, Omro, Ripon, Waupaca, Wautoma and Winneconne. Of the six schools in the

conference only Hortonville and Little Chute have settled for the 1985-86 school year. (Board Exhibit #21). All of the remaining schools have submitted final offers under the mediation-arbitration process.

There have been three arbitration awards issued involving athletic conference schools in the past few years. In all three arbitration awards, three separate arbitrators have ruled that the best comparability group are those schools in the East Central Athletic Conference. Ripon School District, Petrie, Dec. No. 20103-A, p. 12, 6/83; Berlin Area School District, Yaffe, Dec. 22248-A, pp. 1-2, 6/85; Wautoma Area School District, Zeidler, Dec. 22199-A, p. 15, 6/85).

The arbitrator has reviewed the Association's proposed comparable school districts versus those of the School District and finds in favor of the Board's comparability group. The comparability issue has been settled by the three previous arbitration decisions. The appropriate comparability group is the East Central Athletic Conference and not the selected districts proposed by the Association. The Association's group of schools are less comparable to the athletic conference when the economic, social and political factors that define comparability are taken into account. The arbitrator would be doing a disservice to Winneconne's future bargaining and a disservice to the precedent established by the other arbitrators by using the six school districts proposed by the Association.

It appears to the arbitrator that the Association has engaged in "comparability shopping" to attempt to justify its offer. The Association has selected districts that have settled high and has carefully neglected those that have settled low. For example, according to the School District, the schools districts of Bonduel, Manawa, Marion, Wittenburg, Iola, Menominee Indian, Tri-County and Wild Rose all are near Winneconne and have a similar FTE teaching staff to that of the School District but were ignored because most of the schools have settled at or below the Board's final offer in this case. If the arbitrator uses the Association's proposed comparability group, it can only lead to future bargaining conflicts in that the pattern and practice of using athletic conference schools would be broken, pitting Winneconne against school districts outside the conference and away from those districts who historically have been the foundation and reference point for past agreements.

The arbitrator cannot fault the Association for introducing its proposed comparability group. The arbitrator, like the Parties, is in a dilemma because only two athletic conference schools have settled for the 1985-86 school year. Yet, when faced with the alternative of using two settled athletic conference schools versus schools never used by the Parties in prior negotiations, the former alternative does less damage to the integrity of the bargaining process. As such, the arbitrator shall rely upon the two settled schools in the conference and the other statutory factors to base his decision in this matter.

Board Exhibit #21 analyzes the dollar and percentage increases on the salary schedule benchmarks. The School District's final offer in terms of the dollar and percentage increase is closer to the average of the two settled schools than the Association's final offer at the BA base, BA 6th, BA Maximum, MA base, MA 9th, MA Maximum and Schedule Maximum. Thus, the School District's offer must be deemed more comparable than the Association's final offer in terms of the various salary schedule benchmarks.

Under the Association's proposal, the horizontal lane increment is based on a percentage index as opposed to the current and long-standing flat dollar amounts. In 1984-85, the horizontal increments were in flat dollar amounts of \$185/210/235/390/315, respectively. The Board's final offer maintains these differentials while the Association's final offer increase them by a percentage (8%) to the amounts of \$200/227/254/421/341, respectively. (Board Exhibit #22A).

The Association's offer is constructed by increasing each and every salary listed on the salary schedule by a uniform and constant 8%. At no time in the past have the Parties ever built the salary schedule using this percentage approach. With greater attention being placed on the hiring rate for teachers, the Association's percentage index system puts more money at the higher end of the salary schedule. There was no evidence produced by the Association that the teachers at the top of the salary schedule have suffered economic harm under the present increment structure that would warrant inclusion of the Association's proposal. Siphoning money to the lower right-hand corner of the salary schedule via an index system is something the Parties should resolve between themselves during bargaining. The Association's marked departure from the status quo is another example of why the School District's final offer is more reasonable.

E. The average consumer prices for goods and services, commonly known as the cost-of-living.

The cost of living for the relevant contract period for which the Parties are bargaining shows that from July 1984 to July 1985 the Consumer Price Index (CPI) increased by 3.8%. (Board Exhibit #13). The Board's final offer exceeds the CPI by nearly 4% while the Association's final offer exceeds it by over 6%. Since the Board's offer is well above the CPI, it guarantees that teachers will not suffer reduction in spending power and will actually gain in very real terms.

When a historical analysis is made of the salaries and the CPI, teachers salaries have greatly surpassed the inflation rate. A teacher in the BA lane over the past five years earning no additional credits has received a salary increase at Winnecone of 47.6% under the Board's final offer compared to 28.7% increase in the CPI. (Board Exhibit #13). A teacher in the MA lane over the past five years, earning no additional credits, has received a salary increase of 45.7% under the Board's offer compared to a 28.7% in the CPI. (Board Exhibit #13). The foregoing percentage increases reflect salary alone exclusive of other significant fringe benefits. Moreover, if a teacher earns additional credits and moves into a higher paying salary lane, the salary increase would be even greater.

Contrary to what several arbitrators have held in the state, the cost of living is not what other employer and employee groups voluntarily agree to during bargaining. This is not a measure of inflation. The real measure of inflation is a completely separate and independent measure as defined by the Consumer Price Index. The inflation rate must stand alone as a criterion in the statute without being diluted by the comparability factor. The arbitrator must give appropriate weight to this factor just as appropriate weight was given to the comparability criterion.

However, assuming for the sake of argument that the cost of living is the measure of what the parties have settled at, the foregoing evidence in the comparability criterion does not support the Association's final offer. The evidence has shown that the

Board's final offer conforms to the pattern of voluntary settlements to the comparability group selected by the arbitrator and better meets this criterion.

For all the above reasons, the Board's final offer meets the cost of living criterion in the statute.

F. The overall compensation presently received by the 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.

Board Exhibits #23 and #24 show the relationship between Winneconne and the other East Central Conference schools for the 1984-85 and 1985-86 school years with respect to the contribution rates for health insurance, dental insurance, retirement contributions, vision insurance and life insurance. If one considers all of these benefits as a whole, Winneconne compares quite favorably with all of the rest of the comparable schools. Winneconne is in the mainstream of the amounts contributed in those areas compared to the conference schools.

In that the only impasse issue involves salary, the arbitrator must conclude that the employees are satisfied with the current status of such fringe benefits as vacation, holidays, excused time, pensions, insurance benefits, and the continuity and stability of employment.

G. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

The Parties mutually agreed that the pendency period would end at the close of the arbitration hearing on April 15, 1986.

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 employment.

This factor was not given great weight because such other factors normally or traditionally taken into consideration in the determination of salary were already considered in the previous statutory factors.

In conclusion, even though the School District has strenuously argued that the economic climate in and around Winneconne is depressed, the comparable schools has suffered from the same economic plight. It is for that very reason that criterion (d) under state law requires comparison of comparable communities in the same geographic area. Any method of analysis establishes that Winneconne teachers are compensated at very competitive rates among the comparable school districts in the East Central Athletic Conference as advocated by the Board.

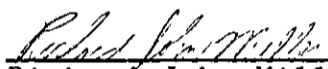
The interest and welfare of the public are better served by the Board's final offer because the School District compares very favorably to the settled schools in the athletic conference.

The Board's final offer greatly exceeds and surpasses the cost of living, guaranteeing real income gains for teachers. However, even if the cost of living is the measure of what other parties have settled at, the evidence proves that the Board's final offer conforms to the pattern of voluntary settlements in the comparability group selected by the arbitrator and better meets this criterion.

The evidence has proved that Winneconne has a enviable salary schedule structure and fringe benefits. Teachers are fairly compensated in comparison to other comparable teachers. There is no "catch-up" factor present in this case. In fact, the Association's offer attempts to change the salary schedule structure in the horizontal increment without ever justifying this change. Consequently, the Board's 8.2% total package offer is simply more reasonable than the Association's 10.0% total package offer when all of the statutory factors are considered.

AWARD

Based upon the statutory criteria in Wis. Stats. 111.70(4) (cm)(7), the evidence and arguments presented in this proceeding, and for the reasons discussed above, the mediator-arbitrator selects the final offer of the Winneconne School District and directs that it, along with any and all stipulations entered into by the Parties, be incorporated into the 1985-86 collective bargaining agreement.



Richard John Miller
Mediator-Arbitrator

Dated this 24th day of June 1986
New Hope, Minnesota